

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:)	
)	Docket No.: R2006-1
POSTAL RATE AND FEE CHANGES, 2006)	
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VOLUME #18C

Designated Written Cross Examination of United States Postal
Service Institutional

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID POPKIN

DBP/USPS-200. Please advise both the dimension weight and the length plus girth measurement for the following shaped parcels. Disregard whether the dimension weight or balloon rate or oversize limitations apply since I am interested in the calculation for different shapes and am aware of when the implementation would apply. Please fully explain how each calculation was made. If any additional information is required to make the calculation, please assume an appropriate value and provide it in your response rather than not answering the question.

- [a] A box with a length of 15 inches and a width and height of 10 inches.
- [b] A box with a length of 15 inches and a width of 10 inches and a height of 9 inches.
- [c] A box with a length of 15 inches and a cross section that is perpendicular to the length that is a trapezoid with a base of 10 inches and a height of 9 inches on one side and 10 inches on the other side.
- [d] A round mailing tube that is 30 inches long and 5 inches in diameter.
- [e] A triangular shaped box that was 30 inches long and had triangular sides of 10 inches on each side.
- [f] A triangular shaped box that was 30 inches long and had triangular sides of 10 inches on two of the sides and 5 inches on the third side.
- [g] An automobile tire shaped parcel that has an overall outside diameter of 30 inches and an irregularly shaped cross section [if one were to cut through the tire at one point] with a total girth measurement of 20 inches.
- [h] Same as subpart g except that the cross section is a circle with a circumference of 20 inches.
- [i] A parcel in the shape of a tree. The length of the tree is 48 inches and the maximum girth around the collapsed branches is 20 inches, around the trunk is 10 inches, and around the root system is 30 inches.
- [j] Two separate boxes that are glued together. The bottom box has a length of 15 inches and a height and width of 8 inches each. The top box has a length of 13 inches and a height and width of 7 inches each.
- [k] Same as subpart j except that in addition to the glue the parcels are taped together so that the tape extends out in a triangular shape over part of the bottom of the smaller top box.
- [l] A box with a length of 15 inches and a cross section that is perpendicular to the length that is a trapezoid with a base of 10 inches and a height of 5 inches on one side and 10 inches on the other side.

RESPONSE:

In the following calculations, it is assumed that length, width, height and girth measurements are rounded to the nearest whole inch. The Postal Service has not yet decided what kind of rounding convention will be used for such parcel measurements. Please see the Postal Service's response to DBP/USPS-98[a].

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Response to DBP/USPS-200 (cont.)

[a] Dimensional weight (note: not "dimension weight") = $(15 \times 10 \times 10)/194 = 7.73$ pounds. Length + girth = $15 + (2 \times 10) + (2 \times 10) = 55$ inches.

[b] DW = $(15 \times 10 \times 9)/194 = 6.96$ pounds. L + G = $15 + (2 \times 10) + (2 \times 9) = 53$ inches.

[c] Assuming that the cross section is an isosceles trapezoid with right angles at the base, DW = $[(15 \times 10 \times 10) \times 0.785]/194 = 6.07$ pounds. It is also assumed that, owing to the one-inch height differential on the cross section, the box is not discerned to be approximately regularly shaped (*i.e.*, having rectangular panels). Therefore the 0.785 irregularly shaped parcel adjustment factor (0.785) applies. L + G = $15 + (10 + 10 + 9 + 10.05) = 15 + 39$ (when rounded) = 54 inches.

[d] DW = $[(30 \times 5 \times 5) \times 0.785]/194 = 3.03$ pounds. L + G = $30 + 2\pi r = 30 + (2\pi \times 2.5) = 30 + 16 = 46$ inches.

[e] DW = $[(30 \times 10 \times 9) \times 0.785]/194 = 10.93$ pounds. Note: The triangular cross-section's height is 8.66 inches, which rounds to 9 inches. L + G = $30 + (3 \times 10) = 60$ inches.

[f] DW = $[(30 \times 5 \times 10) \times 0.785]/194 = 6.07$ pounds. Note: The triangular cross-section's height is 9.68 inches, which rounds to 10 inches. L + G = $30 + (10 + 10 + 5) = 55$ inches.

[g] It is necessary to make an assumption about the "irregular" shape of the cross-section. The simplest case is a circle. In that event, the diameter of the circular cross-section — or the width of the tire — is 6.37 inches, and DW = $[(30 \times 6 \times 30) \times 0.785]/194 = 21.85$ pounds. L + G = $30 + 20 = 50$ inches.

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Response to DBP/USPS-200 (cont.)

[h] Same as subpart [g].

[i] It is necessary to make an assumption about the displacement of the root system (which at maximum girth trumps the collapsed branches). It is assumed that the displacement is concentric, with a cross-sectional diameter therefore of 9.55 inches.

$$DW = [(48 \times 10 \times 10) \times 0.785]/194 = 19.42 \text{ pounds.}$$

Note: The tree's maximum cross-sectional width and height (depth) are both 9.55 inches, which round to 10 inches. $L + G = 48 + 30 = 78$ inches.

[j] In accordance with DMM Section 401.1.4 ("Two or more packages may be mailed as a single parcel, if they are about the same size or shape....."), the Postal Service may consider instituting a rule to assess such compound parcels as a single regularly shaped parcel (regularly shaped, because the multiple component packages are "about the same size or shape"). In that case, and assuming that the subject compound parcel is mailable under DMM Section 401.1.4, the dimensional weight would be $[15 \times 8 \times (8 + 7)]/194 = 9.28$ pounds. And the length plus girth would be $15 + (2 \times 8) + [2 \times (8 + 7)] = 61$ inches.

[k] Same as subpart [j].

[l] Assuming that the cross section is an isosceles trapezoid with right angles at the base, $DW = [(15 \times 10 \times 10) \times 0.785]/194 = 6.07$ pounds. $L + G = 15 + (10 + 10 + 5 + 11.18) = 15 + 36$ (when rounded) = 51 inches.

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DBP/USPS-201. Please provide a chart which shows the number of Priority Mail flat rate envelopes that were mailed in a recent one year period broken out in one ounce increments up to 13 ounces, for 13 to 16 ounces, and in one pound increments above 16 ounces.

RESPONSE:

For FY 2005:

0 - 13 Oz.	67,479,010
13 - 16 Oz.	8,380,096
2 Pounds	24,220,139
3 Pounds	5,402,490
4 Pounds	1,275,010
5 Pounds	221,282
6 Pounds	53,448
7 Pounds	22,112
8 Pounds	13,882
9 Pounds	7,079
10 Pounds	1,476
11 Pounds	3,749
12 Pounds	899
13 Pounds	3,693
14 Pounds	2,055
15 Pounds	0
16 Pounds	587
17 Pounds	1,778
18 Pounds	210
19+ Pounds	0
Total	107,088,998

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DBP/USPS-202. Please provide a series of three charts showing the number of Priority Mail flat rate boxes that were sent in each of the pound increments and to each of the different zones. Please provide three separate charts. One chart where the postage for the flat rate box is less than the non-flat postage rate, the second where the rates are the same, and the third where the postage rate for the flat rate box is greater than the non-flat postage rate.

RESPONSE:

Please see USPS-LR-L-119, Tables 4, 6 and 7. In Tables 6 and 7, for volume that is estimated to have migrated internally in FY 2005, shading is applied where the flat-rate box costs less than paying by weight and zone. Nowhere does the flat-rate box cost the same as paying by weight and zone. This is because no weight- and zone-based Priority Mail rate cell was \$7.70 (in FY 2005).

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
DAVID B. POPKIN INTERROGATORY

DBP/USPS-203. Please refer to your response to Interrogatory DBP/USPS-26 subpart b. Please advise the number and percentage of Express Mail articles that are guaranteed for 5-day delivery.

RESPONSE:

The only Express Mail pieces that receive 5-day commitments from PTS are Express Mail Military Service pieces. In FY2005, there were 39,262 such Military pieces.

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DBP/USPS-204. Please refer to your response to Interrogatory DBP/USPS-26 subparts a and e. In response to subpart a you indicated that the FY 2005 Express Mail volume was 55,474,717 pieces and in the response to subpart e you indicated that in FY 05 95.4% of the Express Mail pieces or 51,185,801 pieces were delivered on time. 95.4% of 55,474,717 pieces is 52,922,880 pieces. Please explain the difference and provide corrected data for Express Mail total number of articles, total revenue received, percent delivered on time, number of pieces delivered on time for FY 2004 and 2005.

RESPONSE:

Express Mail service performance data is derived from the Product Tracking System (PTS). As indicated in the response to DBP/USPS-26(a), the volume figure provided in that response comes from the Billing Determinants (USPS-LR-L-77). The Billing Determinants volume figure is based on weight levels derived from the Revenue, Pieces, and Weight (RPW) report, with estimates developed separately by Express Mail label type and weight, and is reconciled to annual RPW numbers. PTS data, meanwhile, is based on an actual piece count.

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DBP/USPS-205. Please refer to your response to Interrogatory DBP/USPS-26. Please confirm, or explain if you are unable to confirm, that for either the total universe of Express Mail articles or for any specific subset, the average price per article may be obtained by dividing the revenue by the number of pieces.

RESPONSE:

Confirmed.

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DBP/USPS-206. Please refer to your response to Interrogatory DBP/USPS-26. Please confirm, or explain if you are unable to confirm, that there is no reason to believe that the average price per Express Mail article would be the same for those articles that are delivered on time as compared to those that are not delivered on time.

RESPONSE:

The Postal Service has not studied this issue, and therefore has no basis upon which to confirm or not confirm this supposition.

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DBP/USPS-207. Please refer to your response to Interrogatory DBP/USPS-26. Please confirm, or explain if you are unable to confirm, that there is no reason to believe that the average price per Express Mail article would be the same for those articles that are not delivered on time and for which a claim for postage refund was filed as compared to those that for which a claim for postage refund was not filed.

RESPONSE:

The Postal Service has not studied this issue, and therefore has no basis upon which to confirm or not confirm this supposition.

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DBP/USPS-208. Please refer to your response to Interrogatory DBP/USPS-26 subpart f. Please provide the dollar value of Express Mail refunds that were made in FY 2004 and FY 2005.

RESPONSE:

For FY 2005, see the response to OCA/USPS-T34-1(b). For FY 2004, total Express Mail refunds were \$5,636,100.

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DBP/USPS-209. Please refer to your response to Interrogatory DBP/USPS-4. If we are to assume that a mailpiece weighs over one ounce and less than 13 ounces, is large enough to be mailable, it does not exceed the maximum size, it is properly prepared and addressed, and that it does not contain any prohibited material, then please confirm, or explain if you are unable to confirm, that under the present regulations in order to determine the proper First-Class Mail postage the mailer need only determine the weight of the mailpiece and does not need to determine the shape or any other characteristics of the mailpiece.

RESPONSE:

Confirmed.

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DBP/USPS-210. Please refer to your response to Interrogatory DBP/USPS-4. If we are to assume that a mailpiece weighs over one ounce and less than 13 ounces, is large enough to be mailable, it does not exceed the maximum size, it is properly prepared and addressed, and that it does not contain any prohibited material, then please confirm, or explain if you are unable to confirm, that under the proposed regulations in order to determine the proper First-Class Mail postage the mailer must determine the weight of the mailpiece and must also determine the shape and other characteristics of the mailpiece.

RESPONSE:

Confirmed.

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DBP/USPS-211. Please confirm, or explain if you are unable to confirm, that:

- (a) Under the present regulations there are a number of characteristics that will cause a one ounce single-piece First-Class Mail article to pay an additional 13¢ postage for the nonmachinable surcharge.
- (b) Under the present regulations, the nonmachinable surcharge is only assessed on mailpieces that weigh one ounce or less.
- (c) Single-piece First-Class Mail articles must weigh less than 3.5 ounces to be eligible under the proposed regulations to be mailable at the letter rates.
- (d) Under the proposed regulations any single-piece article which otherwise qualifies for mailing at the letter rates but has any of the nonmachinable characteristics noted in subpart a will be required to pay an additional 20¢ in postage regardless of its weight.

RESPONSE:

- (a) Confirmed. Please see DMM 101.1.2 and 101.6.4.
- (b) Confirmed, for First-Class Mail.
- (c) Confirmed.
- (d) Yes, a First-Class Mail piece such as described in your question will pay the proposed first-ounce rate for a flat-shaped piece which is 62 cents, 20 cents higher than the proposed first-ounce rate for a letter shaped piece.

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DBP/USPS-212. Please refer to your response to Interrogatory DBP/USPS-9.

- (a) Please confirm, or explain if you are unable to confirm, that the weight of a mailpiece can be measured by a scale.
- (b) Please confirm that normally a mailer may disregard the changes to the weight of a mailpiece that is caused by changes in the relative humidity of the environment.
- (c) If you are unable to confirm, please enumerate the action that a mailer should take.
- (d) Please describe any action that is taken by the Postal Service to react to any changes to the weight of a mailpiece that is caused by changes in the relative humidity of the environment.

RESPONSE:

- (a) Confirmed.
- (b) The Postal Service is not aware of the degree to which mailers are aware of such changes.
- (c) Mailers can weigh their mail pieces or have them weighed at acceptance.
- (d) The Postal Service has no means of detecting the degree to which the weight of a mailpiece may have changed as a result of humidity before or after acceptance/deposit.

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DBP/USPS-213. Please refer to your response to Interrogatory DBP/USPS-14.

- (a) Please check the wording of your response.
- (b) Please confirm, or explain if you are unable to confirm, that the retail window clerks and processing plant personnel will need to have an easy to implement process to determine whether a First-Class Mail article weighing less than 13 ounces is a letter, flat, or parcel with particular emphasis on determining the thickness of the mailpiece.
- (c) Please confirm, or explain if you are unable to confirm, that if there is no easy method available or if the method will require excessive window time that it should be considered in evaluating the approval of the proposed shape regulations.
- (d) Please advise what types of methods are being considered.

RESPONSE:

(a) It has been checked. It reads better when the words "rules are" are removed from line 1.

(b) Such a process would be beneficial, but it is not clear from the question what would be "easy." Reasonable minds may differ.

(c) See the response to part (b). It is not clear from the question what would be "excessive." The question also seems to imply that the Commission would have to pre-approve any DMM implementing regulations before approving the classification changes.

(d) This has yet to be determined.

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DBP/USPS-214. Please refer to your response to Interrogatory DBP/USPS-15. My original interrogatory was designed to determine the methods that a mailer would have to utilize in order to comply with the DMCS/DMM requirements. What types of measuring devices and methods would be required to determine whether a single piece First-Class Mail article weighing less than 13 ounces is a letter, flat, or parcel with particular emphasis on determining the thickness of the mailpiece. Please respond to the original Interrogatory.

RESPONSE:

Scales and rulers would suffice.

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DBP/USPS-215. Please refer to your response to Interrogatory DBP/USPS-17 subparts c and d.

- (a) Please advise when you believe will be the appropriate time?
- (b) Please confirm, or explain if you are unable to confirm, that the implementation of the proposed regulations involved in this Interrogatory is an important consideration for the Postal Rate Commission to consider in evaluating approval of these regulations.
- (c) Will the procedures be released in time for parties to conduct discovery on them?
- (d) If not, why not?
- (e) Will the procedures be released in time for parties to advise the Commission in their Briefs on them?
- (f) If not, why not?
- (g) Will mailers have an opportunity to comment on them?
- (h) If so, how?

RESPONSE:

(a) At a time closer to the implementation of the Docket No. R2006-1 rates than the present.

(b) This question assumes the proposal of new DMM regulations. As indicated in the response to DBP/USPS-17(c), no such determination has yet been made. All regulations are important. This question seems to assume Commission pre-approval of DMM regulations.

(c) That is not yet known.

(d) N/A

(e) That is not yet known.

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(f) N/A

(g) That is not yet known.

(h) N/A

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DBP/USPS-216. DBP/USPS-139 A press release indicated that the US Postal Service awarded a contract to United Parcel Service to transport First-Class Mail and Priority Mail to and from 98 U.S. cities. Will this have any effect on the Service Standards for First-Class Mail and Priority Mail? If so, please identify the changes. If not, elaborate on the advantages of the contract.

RESPONSE:

The contract is not expected to affect service standards for First-Class Mail and Priority Mail. It is hoped, however, that the contract will result in improved service performance.

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DBP/USPS-217 Please refer to the response to Interrogatory DBP/USPS-T38-2 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, please advise the changes that will be necessary to the DMM for this proposed curtailment of service.

RESPONSE:

As witness Yeh stated in the response that you cite, revising the DMM is an ongoing process and will be finalized by the Postal Service based on the outcome of the case.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-218 Please refer to the response to Interrogatory DBP/USPS-T38-3 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part of its postage by means of a postage meter stamp or stamps and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b] If not, please explain the rationale behind the response.

RESPONSE:

(a) No. The postage would be required to be paid entirely by customer-generated postage meter or by permit imprint.

(b) Witness Yeh's footnote stated: "the Postal Service intends to amend its regulations to require that Bound Printed Matter be paid either by customer-generated postage meter or by permit imprint." In reply to your interrogatory, she stated: "The postage for the piece would be required to be paid using customer-generated postage meter, including PC postage, or by permit imprint." Neither statement says "partially." The suggestion introduced by your interrogatory of partial payment by these means and partial payment by postage stamps would not accomplish the purpose of the planned regulation change. See also the responses to your interrogatories 220, 221, 223, 227, and 234 for further discussion of the purposes of this change.

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DBP/USPS-219

Please refer to the response to Interrogatory DBP/USPS-T38-3 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response explaining the following:

[a] May the postage on a single Bound Printed Matter mailpiece have the postage paid by means of a permit imprint?

[b] If so, please describe the permit that is required, the forms that must be completed to make the mailing, the method of mailing, and the fee for obtaining that permit.

[c] If not, why not?

[d] What is the minimum number of mailpieces that may be mailed at one time using a permit imprint? If it is different for different classes or types of mail, please fully explain.

RESPONSE:

(a) No.

(b) N/A

(c) The standards in DMM 604.5.1.2 are not changing. These require a minimum volume of 200 pieces or 50 pounds.

(d) As stated in part (c), a minimum volume of 200 pieces or 50 pounds is required for all non-presorted/discount mail. Separate volume requirements based on class are required for presorted/discount mailing (e.g. presorted First-Class Mail requires 500 pieces, presorted Standard Mail requires 200 pieces or 50 pounds).

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DBP/USPS-220 Please refer to the response to Interrogatory DBP/USPS-T38-3 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response explaining the following:

- [a] Please explain why Bound Printed Matter is essentially a commercial product.
- [b] What other services, classes, or types of mail are considered to be essentially a commercial product?
- [c] For those services provided in response to subpart b above, please identify those that may be mailed as a single piece.
- [d] Please identify any services, classes, or types of mail that are not available to any mailer, from the largest company to a single individual, on the same terms and conditions so long as the mail meets the appropriate conditions.
- [e] Does the Postal Service believe that any mailer, from the largest company to a single individual, should have the ability to utilize any available service that they feel will best meet their mailing needs?
- [f] If not, why not?

RESPONSE:

(a) Approximately 97 percent of Bound Printed Matter pieces are sent by commercial mailers, with about 3 percent entered at retail. This is consistent with the history of the product. Bound Printed Matter was previously called fourth-class catalog rate mail. Before Postal Reorganization, only matter consisting entirely of advertising could be mailed at this rate. After Postal Reorganization, this restriction was amended to allow any bound printed matter that contained advertising to be mailed at the rate, which as part of the subclass, which was renamed "Bound Printed Matter." See PRC Op., MC73-1, at 59-62. The change was intended to address the anomaly that "Yellow Pages" could be mailed at the catalog rate, while phone directories containing both "White Pages" and "Yellow Pages" could not, and had to be mailed as Parcel Post. Regardless of this change, the subclass was, and had always been, a commercial product, since mailers of advertising are, by definition, commercial mailers. Both single-piece and bulk rates existed for the subclass, because not all commercial mailers could meet the bulk

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requirements, especially in the earlier days of presortation, and the single-piece rates are also available for smaller mailings that do not meet the presort minimums.

The change recommended by the Commission in Docket No. MC73-1 also resulted in book publishers' being able to qualify for Bound Printed Matter by including "non-incidental" advertising in their books. They increasingly did so over the years, to the extent they found it advantageous to pay BPM rates, rather than "book" rates (now Media Mail). The Commission recommended removal of the advertising requirement in Docket No. R90-1. Its rationale for doing so was that "[i]t does not make economic sense to require publishers to include advertising in their books in order to qualify for these [BPM] rates." PRC Op., R90-1, vol. 1, at V-375-76. The Commission also noted that this would provide an incentive for mailers to prepare their mail in a manner consistent with low-cost characteristics and to encourage dropshipping. *Id.* at V-376. Again, the entire analysis was premised on the commercial nature of Bound Printed Matter. No part of the Commission's rationale was based on adding BPM, a classification explicitly geared toward cataloguers and binders and printers, to the retail customer's mailing options. See the response to DBP/USPS-227(c)-(e) for a discussion of BPM's relation to retail and the Postal Service's decisions regarding the management of its retail environment.

(b) In addition to Standard Mail, Periodicals, and Parcel Select, there are numerous rate categories that have bulk mailing requirements and are therefore not eligible to be entered through retail channels.

(c) Periodicals has no minimum quantity requirement per mailing.

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(d) All services, classes, or types of mail that are available to any mailer on the same terms and conditions so long as the mail meets the appropriate conditions. This is true with respect to the planned change for BPM. It is not based on who the mailer is, but on time and manner of entry, and it applies equally to all mailers.

(e)-(f) Yes, with one qualification. Any mailer, from the largest company to a single individual, may utilize any available service that they feel will best meet their mailing needs, if their mail is eligible for that service and if it can be prepared and entered as specified by the Postal Service.

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DBP/USPS-221 Please refer to the response to Interrogatory DBP/USPS-T38-4 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part, all, or an excess amount of postage by means of an Automated Postal Center [APC] stamp or stamps and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b] If not, please explain the rationale behind the response.

[c] Please confirm, or explain if you are unable to confirm, that postage "stamps" generated by an Automated Postal Center [APC] are generated by the action of the customer and not by the action of the Postal Service.

[d] Please describe the distinction, if any, that exists between postage "stamps" that are generated by a postage meter [such as those provided by Pitney Bowes] and those that are generated by an APC as far as the involvement of the Postal Service in issuing the "stamp" or processing the mail with that method of postage prepayment.

RESPONSE:

(a) No.

(b) The planned regulation change is intended to implement management's determination that BPM transactions, both payment and mail entry, be conducted through channels other than the retail environment. For clarity, all stamps are excluded, since most are purchased at retail.

(c) Not confirmed. The relevant distinction is the owner of the source of the postage payment method. All forms of postage payment require joint "action" by the Postal Service, the customer, and sometimes third parties.

(d) The Postal Service procures, installs, programs, and maintains APCs.

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DBP/USPS-222 Please refer to the response to Interrogatory DBP/USPS-T38-5 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part, all, or an excess amount of postage by means of a computer generated stamp or stamps such as those provided by stamps.com and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b] If not, please explain the rationale behind the response.

[c] Please advise any differences in the acceptance of computer generated stamps compared to postage meter stamps in their use for this purpose.

RESPONSE:

- (a) No.
- (b) So that retail transactions are not potentially needed to support BPM mailing.
- (c) None. Both customer-generated computer postage and customer-generated postage meter strips would be acceptable forms of BPM payment.

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DBP/USPS-223 Please refer to the response to Interrogatory DBP/USPS-T38-5 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part, all, or an excess amount of postage by means of Click N Ship on the computer and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b] If not, please explain the rationale behind the response.

RESPONSE:

(a) No. Click-N-Ship is available only for Priority Mail and Express Mail and international expedited products.

(b) The rationale is that not all products are available through all channels.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-224 Please refer to the response to Interrogatory DBP/USPS-T38-6 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with a rural delivery letter carrier?

[b] If not, please explain the rationale behind your response.

RESPONSE:

(a) Yes

(b) N/A.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-225 Please refer to the response to Interrogatory DBP/USPS-T38-7 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with a city delivery letter carrier?

[b] If not, please explain the rationale behind your response.

RESPONSE:

(a) Yes, if it is properly prepaid.

(b) N/A.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-226 Please refer to the response to Interrogatory DBP/USPS-T38-8 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with a highway contract delivery letter carrier?

[b] If not, please explain the rationale behind your response.

RESPONSE:

(a) Yes, if it is properly prepaid.

(b) N/A.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-227 Please refer to the response to Interrogatory DFC/USPS-T38-6 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article at a retail service window?

[b] If not, please explain the rationale behind your response.

[c] Please confirm, or explain if you are unable to confirm, that at retail service windows the window clerk will have a number of separations to make with mail that is received over the window, such as, letters vs. flats vs. Priority Mail vs. Package Services.

[d] Please confirm, or explain if you are unable to confirm, that when a customer hands a mailpiece over a retail service window, the window clerk must evaluate the mailpiece so as to determine the proper separation as noted in subpart c above to place that mailpiece in.

[e] Please confirm, or explain if you are unable to confirm, that when a customer hands a mailpiece over a retail service window, the window clerk will usually evaluate the mailpiece to determine its mailability, postage, addressing, etc.

RESPONSE:

(a) Yes, if it is properly prepaid.

(b) N/A.

(c)-(e) Confirmed, although to the extent the clerk performs those separation activities, they can be done after the customer leaves the window. It is the actual transaction with the customer that is the focus of the regulation change and other management decisions that are intended to streamline that transaction. The regulation change is not intended to affect window clerks' other normal activities.

While computerization has in some ways made retail transactions easier (and provided channels other than the window itself, such as APCs), it also introduces complications. For instance, when retail transactions were less automated or completely manual, the "availability" of Bound Printed Matter at retail essentially depended on the knowledge of the customer or the clerk. In other words, the option

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

probably came up rarely and only when applicable. The option thus did not have the potential to add time or complexity to each and every parcel transaction at the window. By contrast, with the advent of POS, APCs and the like, BPM would have been shown as an option for every parcel transaction. With respect to APCs, management determined that inclusion of this option that is rarely applicable at retail, and for which alternatives exist, would add needlessly to programming requirements (and costs) and lengthen and obfuscate automated transactions. Accordingly, BPM is not made available at APCs. Similarly, at the window, automatically showing BPM on a screen visible to customers who mail parcels, the vast majority of which do not qualify for BPM, can generate questions about why that rate is not available. This can add unnecessary time and complexity to the retail transaction. Removing BPM from the retail environment has the potential to streamline every parcel transaction at the window.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-228 Please refer to the response to Interrogatory DBP/USPS-T38-9 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with any of the ancillary services such as, but not limited to, Certificate of Mailing, Delivery Confirmation, Signature Confirmation, Insurance, COD?

[b] Under the present regulations, may a single piece of Bound Printed Matter be mailed with these ancillary services?

[c] If not, please explain.

[d] Please advise why these services will no longer be available and why that is believed to be appropriate.

[e] Please advise what sections of the DMCS will be modified to reflect this change.

RESPONSE:

(a) No explicit restriction on the availability of those services was contemplated.

However, to the extent that there is no viable alternative to retail for obtaining particular services, appropriate revisions in the DMCS might be necessary. See the forthcoming response of the Postal Service to Presiding Officer's Information Request No. 9, question 3.

(b) Yes.

(c) N/A.

(d)- (e) See the forthcoming response of the Postal Service to Presiding Officer's Information Request No. 9, question 3.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-229 Please refer to the response to Interrogatory DBP/USPS-T38-10 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining why the Postal Service believes that it is necessary to simplify window service operations.

[b] Please describe how you believe this proposed regulation will achieve that objective.

[c] Please confirm, or explain if you are unable to confirm, that retail window clerks will only offer those services most likely to be used by retail customers.

[d] Please provide a definition of a retail customer.

[e] Please provide a listing of other categories of Postal Service customers besides a retail customer.

[f] Please provide a definition of each of the categories of Postal Service customers provided in response to subpart e above.

[g] Please provide the services that are utilized by each of the categories of customers provided in response to subpart e above.

[h] Please advise which of these services may be obtained from a window clerk.

[i] Please advise where the other services may be obtained.

RESPONSE:

(a) & (b) Please see the responses to DBP/USPS-220(a), 227(c)-(e), and 234.

(c) Confirmed that the window clerk will offer those services that for which the article is eligible and which are available at retail.

(d) A retail customer is a customer who comes to the retail window for a transaction.

(e)-(g) The Postal Service does not have a list of defined categories of customers. In the context, non-retail customers would be those, such as bulk/discount mailers, who enter their mail in a different manner and place.

(h)-(i) N/A. Please note that the following types of mail are may be entered at retail :

Express Mail, First-Class Mail (Single-Piece Letters, Single-Piece Cards, and Priority Mail), Parcel Post Inter-BMC and Intra-BMC, Media Mail Single-Piece, and Library Mail Single-Piece, plus associated extra services. Entry points for these and other types of mail not available at retail, such as Periodicals, Standard Mail, and Parcel Select, and

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

various other discount/bulk categories, include business mail entry units and detached mail units. As noted previously, consumers have various other options for entering single pieces of BPM. The regulation address only postage payment methods.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-230 Please refer to the response to Interrogatory DBP/USPS-T38-11 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining why the Postal Service believes that it is necessary to reduce the complexity of retail transactions for customers.

[b] Please describe how you believe this proposed regulation will achieve that objective.

RESPONSE:

Please see the response to DBPUSPS-220(a), 227(c)-(e) and 234.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-231 Please refer to the response to Interrogatory DBP/USPS-T38-13 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response describing the characteristics of a mailpiece that would be eligible for mailing as Media Mail but would not be eligible to mail as Bound Printed Matter. Please evaluate the twelve pages of the DMM Sections that were provided in the response and provide a narrative that responds to the question that was asked and provides specific conditions.

RESPONSE:

An example would be recorded media, which are, by definition, neither "bound" nor "printed."

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-232 Please refer to the response to Interrogatory DBP/USPS-T38-14 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response describing the characteristics of a mailpiece that would be eligible for mailing as Bound Printed Matter but would not be eligible to mail as Media Mail. Please evaluate the twelve pages of the DMM Sections that were provided in the response and provide a narrative that responds to the question that was asked and provides specific conditions.

RESPONSE:

Any BPM that contains advertising (other than incidental announcements of books) may not be mailed as Media Mail. See DMCS § 523.1(a). Until 1991, this was all BPM.

Since then, books without advertising may be mailed as either Media Mail or BPM.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-233 Please refer to the response to Interrogatory DBP/USPS-T38-15 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response that confirms, or explains if it is unable to confirm, that there are no characteristics of a mailpiece that would be eligible for mailing as Bound Printed Matter but would not be eligible to mail as either Express Mail, Priority Mail, First-Class Mail, or Parcel Post.

RESPONSE:

Confirmed, since those classes/subclasses are defined as consisting of any mailable matter, with limited exceptions not relevant here.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-234 Please refer to the response to Interrogatory DBP/USPS-T38-16 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response that confirms, or explains if it is unable to confirm, that a retail customer can make an easily distinguishable choice to use Bound Printed Matter [if the contents of the mailpiece are authorized] over Media Mail or Parcel Post.

RESPONSE:

Not confirmed. It is not likely that a retail clerk and a customer would regard the difference as "easily distinguishable." As pointed out in DBP/USPS-232, twelve DMM pages set forth the details of the distinction. While questions or discussions concerning the distinction or lack thereof, the relative merits of zoned vs. unzoned pricing, or the effect of differences in subclass cost characteristics on the "easily distinguishable" prices which result may be of interest to postal experts, that sentiment might not be shared by the customers waiting in line while that explanation or discussion is ongoing. See the response to DBP/USPS-227(c)-(e).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-235 Please refer to the response to Interrogatory DBP/USPS-T38-18 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response that discusses whether or not this reduction in service will be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis.

RESPONSE:

No. As noted in response to DBP/USPS-220, BPM is rarely used by retail customers.

Moreover, the change is consistent with the actual character of BPM, as discussed in that response.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-236

[a] Please provide a listing of all types of single-piece mailings which under the present regulations, the postage may not be paid by means of postage stamps.

[b] Under the proposed regulations will there be any types of single-piece mailings, other than Bound Printed Matter, where the postage may not be paid by means of postage stamps?

[c] Please provide a listing of all types of single-piece mailings which under previous regulations, the postage could not be paid by means of postage stamps.

RESPONSE:

(a) Periodicals.

(b) Yes.

(c) Periodicals.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-237 Please refer to the testimony of Witness T38 at page 6, fn2 with respect to proposed restrictions on the mailing of single-piece Bound Printed Matter.

[a] Please provide an Institutional response that confirms, or explains if it is unable to confirm, that regardless of the place or method that is utilized to enter the mailpiece into the system [such as with a carrier, over a retail window, etc.] the only difference between having the postage paid by means of a postage meter vs. being paid by postage stamps would be that the stamps would have to be cancelled.

[b] May the postage be paid by means of precancelled stamps?

[c] If not, please explain the rationale.

RESPONSE:

- (a) No. The purchase of the stamps is likely to have involved a retail transaction.
- (b) No.
- (c) Please see the response to part (a).

RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-238. Has the Postal Service made any estimates as to the level of expected compliance with their proposals to institute shape based rates for First-Class Mail and dimension weights for Priority Mail? If so, please provide the estimates including any breakdowns by the type of mailer and the period of time evaluated. The level of compliance is defined as the payment of the proper postage for the specific mailpiece. Please discuss the rationale for each of the estimates.

RESPONSE:

The Postal Service did not make any such estimates for First-Class Mail. This was based on the notion that the distinction among letters, flats and parcels is something that is familiar to Postal Service mail acceptance personnel, or at least is something that will be learned relatively easily. In addition, the great majority of letters, flats and parcels should be readily identifiable by shape. The Postal Service acknowledges that 100 percent compliance is not theoretically possible, but has no basis for positing any particular compliance rate short of 100 percent. To the extent that compliance turns out to be less than 100 percent, the revenue estimate for First-Class Mail is probably overstated.

Priority Mail dim-weighting, on the other hand, will require a new kind of mail piece distinction (parcels exceeding one cubic foot in volume), new measurement specifications (length, width and height, as opposed to the traditional length and girth for balloon-rate, oversized-rate and maximum-permissible-parcel-size determinations), and will affect parcels that typically are not seen all that often by the retail associate (e.g., per USPS-T-33, at 27, lines 9 - 12, only an estimated two dim-weight parcels daily per post office, on average). Therefore a Test Year compliance rate below 100 percent was posited. An "estimate" was made in the sense that another postal administration,

RESPONSE OF USPS WITNESS PAJUNAS (USPS-T-45) TO
INTERROGATORY OF THE ASSOCIATION OF PRIORITY MAIL USERS, INC.

RESPONSE TO DBP/USPS-238 (cont.)

Australia Post, was benchmarked. Australia Post conjectured retrospectively "over 50 percent" compliance in the first year after implementation of dim-weighting in 1993. See USPS-T-33 at 16, lines 2 - 4. Witness Scherer (USPS-T-33) chose, in comparison, a conservative compliance rate, the midpoint of 25 to 50 percent (37.5 percent). This was posited on the basis of dim-weighting representing an acknowledged "culture change," and the U.S. Postal Service having larger and more diffuse operations than Australia Post. See USPS-T-33 at 27, lines 13 - 18. Please also note the unavoidable uncertainty associated with dim-weighting referenced in witness Scherer's USPS-LR-L-120, at 4: "As an entirely new pricing paradigm, dim-weighting is uncharted territory for Priority Mail. Information is not available to model the four posited behavioral responses in a strictly empirical manner. Invariably, some assumptions have to be made."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-239

[a] Please confirm, or explain if you are unable to confirm, that a Change of Address Order may either be for a temporary period of time or be permanent.

[b] Does the \$1.00 credit card fee apply equally to both temporary and permanent requests?

[c] If not, please explain.

RESPONSE:

(a) Confirmed.

(b) Yes.

(c) Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-240

[a] Please define what is meant by placing mailing on hold and the action taken by the Postal Service with respect to each category or type of mail received while the hold request is in effect.

[b] Please explain the various methods by which a customer may place their mail on hold.

[c] For each of the methods enumerated in response to subpart b, please advise if there is a \$1.00 credit card fee similar to that which is required for a Change of Address Order.

[d] If not, please explain why a hold request does not require the \$1.00 credit card verification fee while a similarly filed Change of Address Order does require it.

[e] If so, please confirm, or explain if you are unable to confirm, that all of the reasons and previously filed responses made with respect to the \$1.00 credit card fee for Change of Address Orders apply equally to the fee for Hold Requests.

RESPONSE:

(a)-(c) The answers to your questions can be found at the usps.com website.

Under "All Products and Services", click on Hold Mail. For further information, click on the Hold Mail FAQs, and click on "Placing Mail on Hold" and "Cost of the Hold Mail Service."

(d) Hold Mail does not face the same security concerns as Change of Address Service. If a customer's address is fraudulently changed, that customer risks having his or her mail sent to an unwanted address. If a hold mail request is fraudulently made, the customer only risks having his or her mail held at the local post office.

(e) Not applicable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-255

[a] Please confirm, or explain if you are unable to confirm, that Section 947.2 of the DMCS will permit a mailer to obtain a Certificate of Mailing for many classes of mail including a mailer who mails a single-piece of Bound Printed Matter under both the present and proposed rules.

[b] Please confirm, or explain if you are unable to confirm, that there are many similar sections to Section 947.2 of the DMCS will permit a mailer to obtain a number of ancillary services for many classes of mail including a mailer who mails a single-piece of Bound Printed Matter under both the present and proposed rules.

RESPONSE:

(a)-(b) DMCS provisions regarding the general availability of services do not foreclose the Postal Service from setting standards for the preparation of mail and the manner, place, and time of its entry.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-256

Please confirm, or explain if you are unable to confirm, that Section 3040 of the DMCS will permit a mailer to utilize adhesive stamps to pay the postage for all mail including a mailer who mails a single-piece of Bound Printed Matter under both the present and proposed rules.

RESPONSE:

Not confirmed. Please see the revised response to OCA/USPS-27.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-259

Please refer to the response to Interrogatory DBP/USPS-107 subparts a and c.

[a] Please explain the apparent contradiction between these two subparts where subpart a states that maintenance and spare parts have been reduced and subpart c which states that it does not affect the cost of mail processing.

[b] What cost savings are expected to be realized on an annual basis?

RESPONSE:

- (a) The Ink Jet Cancellor does not affect the costs of direct mail processing activities. However, it does affect general mail processing costs, by reducing maintenance and spare parts costs.
- (b) The Postal Service expects to produce an annual savings of approximately 62,000 maintenance workhours and \$4 million in spare part costs.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-261

[a] Please provide annual data for the past three years showing the quantity of single-piece Bound Printed Matter articles that was mailed.

[b] Please advise the percentage of these mailpieces that were paid by means of adhesive postage stamps. If actual data is not available, please provide the best available estimate and the criteria that were utilized to make that estimate.

RESPONSE:

(a)	Year	Single-Piece BPM Volume
	2005	27,880,869
	2004	28,760,365
	2003	30,864,702

(b) No such datum is available, nor is there a basis to estimate it.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-262

Please provide copies of any correspondence or requests that have been made by mailers or others to change the mailing conditions for Bound Printed Matter.

RESPONSE:

The proposed change of Nonpresort BPM postage payment requirements was not a result of mailer correspondence or requests.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-264

Pease furnish a copy of the Office of the Inspector General's Report DR-AR-05-017 that relates to Balloon Rate and Parcel Surcharges and Report IS-MA-06-001 that relates to Security Over Sensitive Customer Data on Automated Postal Center Kiosks. If it is filed as a Library Reference, please furnish me with a hard copy.

RESPONSE:

A redacted version of Report DR-AR-05-017 that has been made public is attached.

According to the Office of the Inspector General, the other report cannot be released publicly, due to the nature of the subject.



Office of Inspector General

September 29, 2005

ELLIS A. BURGOYNE
VICE PRESIDENT, DELIVERY AND RETAIL

SUBJECT: Audit Report - Balloon Rate and Parcel Surcharges
(Report Number DR-AR-05-017)

This report presents the results of our self-initiated audit of Balloon Rate and Parcel Surcharges (Project Number 05YG016DR000). The overall objective was to evaluate whether the Postal Service received the correct revenue for Priority Mail and Parcel Post packages from retail sales. Specifically, we determined whether retail associates were properly assessing the balloon rate surcharges on Priority Mail and Parcel Post packages. We also determined whether retail associates were properly assessing the nonmachinable and oversized surcharges on Parcel Post packages. The Office of Inspector General (OIG) is completing a management advisory report that will provide suggestions on how to improve the Postal Service's current process for assessing surcharges.

The [REDACTED] Districts did not always collect the correct revenue from surcharges on Priority Mail and Parcel Post packages. Specifically, retail associates did not properly assess balloon rate, nonmachinable, and oversized surcharges on 234 of 254 packages reviewed. Although retail associates have been trained to assess surcharges, the current training does not include hands-on demonstrations to show retail associates how to properly measure packages. Further, the retail associates stated they infrequently handled packages requiring surcharges. As a result, the [REDACTED] District offices missed potential additional revenue of \$24,600 for non-assessment of balloon rate, nonmachinable, and oversized surcharges for a two-week period. This represents potential additional revenue and we will report it as such in our Semiannual Report to Congress.

We modified our recommendation based on management's comments. We recommended the vice president, Delivery and Retail, instruct the manager, Customer Service Operations, to establish a training method to ensure retail associates understand how to properly measure length and girth to accurately assess balloon rate, nonmachinable, and oversized surcharges.

Management's comments are responsive to our finding and recommendation. Management's planned corrective action to develop on-line training for retail associates should correct the issues identified in the finding. Management's comments and our evaluation of these are included in this report.

The OIG considers recommendation 1 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action(s) are completed. This recommendation should not be closed in the follow-up tracking system until the OIG provides written confirmation the recommendation can be closed.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Rita F. Oliver, Director, Delivery and Retail, or me at (703) 248-2300.

/s/ Mary W. Demory

Mary W. Demory
Deputy Assistant Inspector General
for Core Operations

Attachments

cc: William P. Galligan
Frederick J. Hintenach
Alexander Lazaroff
Frank Neri
Keith J. Beppler
Steven R. Phelps

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EXECUTIVE SUMMARY

Introduction	This report presents the results of our self-initiated audit of balloon rate and parcel surcharges. The overall objective was to evaluate whether the Postal Service received the correct revenue for Priority Mail and Parcel Post packages from retail sales.
Results in Brief	<p>The [REDACTED] Districts did not always collect the correct revenue from surcharges on Priority Mail and Parcel Post packages. Specifically, the districts did not properly assess balloon rate, nonmachinable, and oversized surcharges on 234 of 254 packages reviewed. Although management has trained retail associates on how to assess surcharges, the current training does not include hands-on demonstrations to show retail associates how to properly measure packages. In addition, the retail associates stated they infrequently handled packages requiring surcharges. As a result, for a two-week period the [REDACTED] Districts missed potential additional revenue of \$24,600 for non-assessment of balloon rate, nonmachinable, and oversized surcharges. (See Appendix C.)</p>
Summary of Recommendations	We recommended the vice president, Delivery and Retail, instruct the manager, Customer Service Operations, to establish a training method to ensure retail associates understand how to properly measure length and girth to accurately assess balloon rate, nonmachinable, and oversized surcharges.
Summary of Management's Comments	<p>Management agreed with the intent of our finding, potential additional revenue of \$24,600 and recommendation. Management stated they plan to develop on-line training for retail associates which will focus entirely on surcharges. Management also stated POS ONE changes currently underway will change the way retail associates measure packages. Retail associates will be required to enter the length, width, and height of some parcels into POS ONE. Management's comments, in their entirety, are included in Appendix D of this report.</p>

**Overall Evaluation of
Management's
Comments**

Management's comments are responsive to the intent of our finding and recommendation. We modified our recommendation based on management's comments. Management's planned corrective action to develop on-line training for retail associates should correct the issues identified in the finding.

INTRODUCTION

Background

Retail is the way most Americans buy and use Postal Service products and services. Each day, the vast majority of the more than seven million Americans who visit post offices, branches, and contract postal units perform the very basic functions of buying stamps, mailing packages, and collecting mail from their post office boxes.

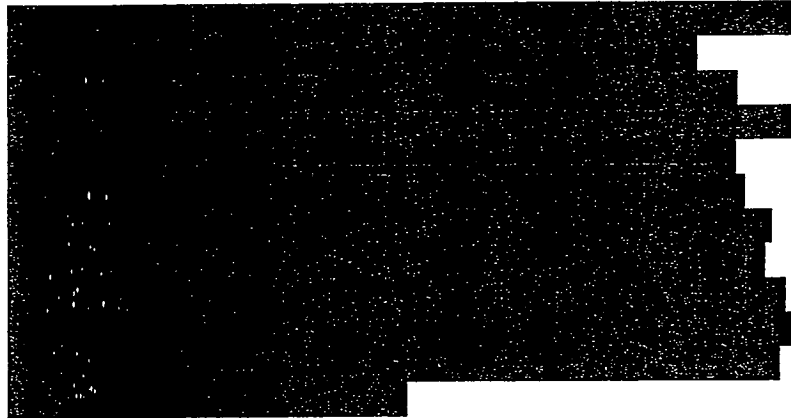
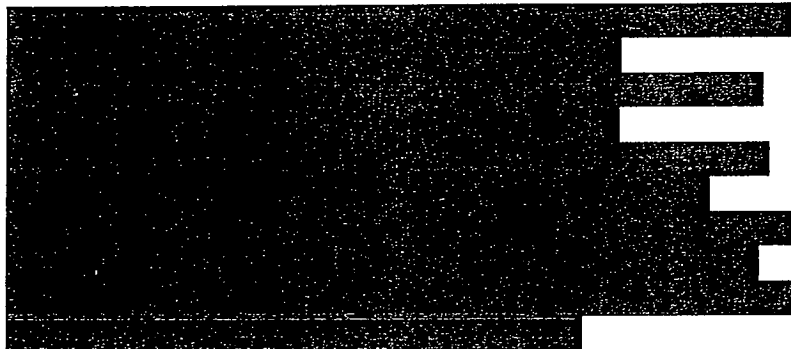
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Table 3. Walk-In Revenue for Parcel Surcharges

Requirements for Measuring and Weighing Packages

The Domestic Mail Manual² provides the criteria for assessing surcharges when retail associates accept packages at the post office window. Retail associates are responsible for weighing packages to ensure they assess the customer the proper cost. Retail associates are also responsible for identifying packages that require balloon rate, nonmachinable, and oversized surcharge assessments, which include measuring the packages.

When measuring the length and girth of a package, the length is the measurement of the longest dimension and the girth is the distance around the thickest part (perpendicular to the length). Figures 1 and 2 below show how to measure the length and girth of four-sided or three-sided packages.³

Figure 1. Four-sided package

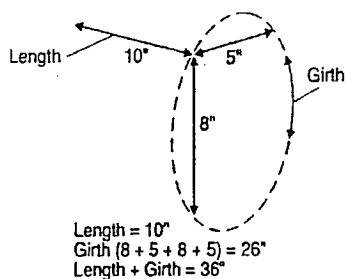
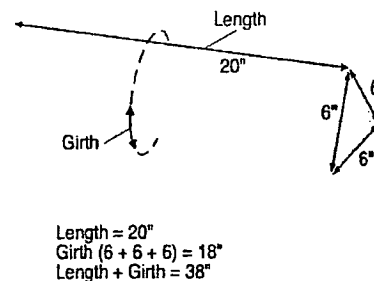


Figure 2. Three-sided package



Measurement	Maximum
Length + Girth	108 inches ¹
Weight	70 pounds

²Domestic Mail Manual, Issue 58, updated January 6, 2005. The background section of the manual gives the specific requirements for each surcharge.

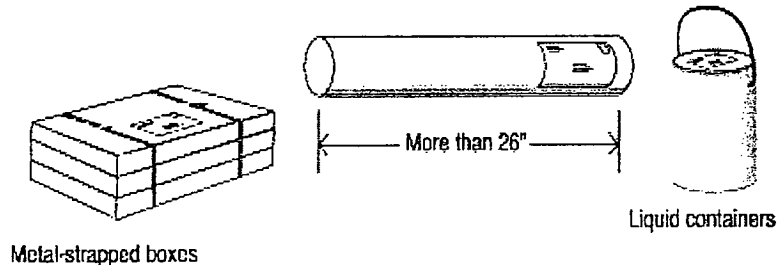
³Postal Service Quick Service Guide 050, Basic Mailability and Processing Categories.

**Balloon Rate,
Nonmachinable, and
Oversized Surcharges**

The balloon rate is a surcharge that covers the additional transportation cost the Postal Service incurs for pieces that are both large and lightweight. The balloon rate is applied to all Priority Mail and Parcel Post packages that weigh less than 15 pounds and measure more than 84 inches in combined length and girth but not more than 108 inches in combined length and girth.

The Postal Service assesses nonmachinable surcharges on Parcel Post packages that weigh more than 35 pounds or exceed 17 inches in height or width or 34 inches in length. The surcharge applies to cans, rolls, tubes, and wooden or metal boxes.⁴ The surcharge also applies only to Parcel Post, not Priority Mail packages.

Figure 3. Nonmachinable Parcel Post packages



The oversized surcharge is a flat rate based upon the zone to which a package is addressed. Regardless of the weight, the Postal Service must apply the oversized rate surcharge to a package that measures more than 108 inches—but not more than 130 inches—in combined length and girth. The surcharge applies only to Parcel Post packages, not Priority Mail packages.

**Objectives, Scope,
and Methodology**

Our overall objective was to evaluate whether the Postal Service received the correct revenue for Priority Mail and Parcel Post packages from retail sales. Specifically, we determined whether retail associates properly assessed:

1. The balloon rate surcharge on Priority Mail and Parcel Post packages.

⁴Postal Service Quick Service Guide 050, Basic Mailability and Processing Categories.

2. The nonmachinable surcharge on Parcel Post packages.
3. The oversized surcharge on Parcel Post packages.

To accomplish our objectives, we obtained and reviewed applicable policies and procedures related to parcel surcharges. We also obtained and analyzed data [REDACTED] to determine the amount of lost revenue from non-assessment of parcel surcharges. (See Appendix A for additional data on lost revenue from surcharges.)

To determine whether retail associates properly assessed the balloon rate, nonmachinable, and oversized surcharges, we visited the processing and distribution centers (P&DC) and logistics and distribution centers (L&DC) in the [REDACTED] Districts. During our visits, we randomly selected approximately 10,000 packages to determine how many Parcel Post and Priority Mail packages met the Postal Service's criteria for balloon rate, nonmachinable, and oversize surcharges. After identifying 254 packages that met the criteria, we weighed and measured packages to determine whether retail associates properly assessed the correct surcharges. (See Appendix B for details on the random sample of Parcel Post and Priority Mail packages.)

We also interviewed retail associates and unit supervisors and managers at 34 randomly selected post offices in the [REDACTED] Districts.

We conducted this audit from February through September 2005, in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We relied on data obtained from the Retail

Data Mart⁵ to determine the total number of packages the Postal Service processed and assessed surcharges to in the [REDACTED] Districts during the period March 7 through April 7, 2005. Although we did not directly audit this system, we performed a limited data integrity review to support our data reliance. We discussed our observations and conclusions with appropriate management officials and included their comments where appropriate.

Prior Audit Coverage

We did not identify any prior audits or reviews related to the objectives of this audit.

⁵The Retail Data Mart (RDM) was developed to give easy access to retail transaction data and critical business information used for operational planning, fraud detection, and strategy development as well as sales and market analysis. The RDM was established to harness the power of retail data to allow the Postal Service to generate more revenue, improve customer service, manage inventory, align staff with customer demand, and improve store performance. RDM data is used for rate case support, product sales, Automated Postal Center (APC) performance, fraud detection, Window Operations Surveys, marketing effort value, and other business opportunities.

AUDIT RESULTS

Balloon Rate and Parcel Surcharges

The [REDACTED] Districts did not always collect the correct revenue from surcharges on Priority Mail and Parcel Post packages. Specifically, retail associates did not properly assess balloon rate, nonmachinable, and oversized surcharges on 234 packages. Although management has trained retail associates on how to assess surcharges, the current training does not include hands-on demonstrations to show retail associates how to properly measure packages. In addition, the retail associates stated they infrequently handled packages requiring surcharges. As a result, for a two-week period the [REDACTED] Districts missed potential additional revenue of \$24,600 for non-assessment of balloon rate, nonmachinable, and oversized surcharges. (See Appendix C.)

Surcharges Not Properly Assessed

Retail associates did not properly assess surcharges on 234 out of 254 Priority Mail and Parcel Post packages in the [REDACTED] Districts. Specifically, retail associates did not properly assess the balloon rate surcharge on 86 Priority Mail packages and 3 Parcel Post packages. We also identified 135 Parcel Post packages that were not properly assessed the nonmachinable surcharge. In addition, we identified nine packages that were not assessed the nonmachinable and balloon rate dual surcharge. Further, we identified one oversized package that was not assessed the oversized surcharge. Table 4 shows the total number of surcharges retail associates assessed incorrectly at the [REDACTED] Districts' P&DC and L&DC.

Table 4. Surcharges Assessed Incorrectly at [REDACTED] Districts.

	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Total
Balloon Rate (Priority Mail)	N/A	29	N/A	57	86
Balloon Rate (Parcel Post)	1	N/A	2	N/A	3
Nonmachinable (Parcel Post)	53	N/A	82	N/A	135
Nonmachinable and Balloon Rate (Parcel Post)	4	N/A	5	N/A	9
Oversized (Parcel Post)	1	N/A	0	N/A	1
Total	59	29	89	57	234

Source: Postal Service Processing Centers

Training

The Postal Service provides formal and informal training for retail associates on how to assess parcel surcharges. The training includes watching a videotape, participating in stand-up talks, reviewing written material, and attending the revenue-generation training course developed for retail associates. Although the supervisors and managers have these various training methods available for their retail associates, they did not properly assess surcharges in the [REDACTED] Districts.

Some retail associates participated in all the methods of training offered, while others participated in only one method. Although various methods of training were available, retail associates stated the training did not require them to actually practice measuring and weighing parcels to ensure that they understood how to apply the information during retail transactions.

Further, retail associates stated they did not frequently receive packages requiring surcharges at the retail counter. The retail associates indicated that packages requiring surcharges ranged from a frequency rate of at least once a week to once every two or three months. Table 5 shows the retail associates' frequency rates for handling packages requiring surcharges.

Table 5. Retail Associates' Frequency Rates for Handling Packages Requiring Surcharges

<u>Frequency Rates</u>	<u>District</u>	<u>District</u>	<u>Total</u>
At least once a week	4	4	8
Several times a week	2	11	13
Once a month	8	1	9
Several times a month	3	2	5
Rarely	8	4	12
Total	25	22	47

Source: Postal Service Retail officials

Of the 74 retail associates interviewed, 47 retail associates stated they did not handle packages requiring surcharges on a daily basis. Therefore, they did not always remember to measure the length and girth of packages that required surcharges.

As a result, for a two-week period the [REDACTED] Districts missed an opportunity to increase revenue by \$24,600 for non-assessment of balloon rate, nonmachinable, and oversized surcharges.

Recommendation	We recommend the vice president, Delivery and Retail, instruct the manager, Customer Service Operations, to:
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1. Establish a training method to ensure retail associates understand how to properly measure length and girth to accurately assess balloon rate, nonmachinable, and oversized surcharges.

Management's Comments	
----------------------------------	--

Management agreed with the intent of our finding, potential additional revenue of \$24,600 and recommendation. Management stated they do not provide annual "refresher" training to the retail associates but they determine training each year by the needs of the service. Management also stated they plan to develop on-line training for retail associates which will focus entirely on surcharges. In addition, management stated POS ONE changes currently underway will change the way retail associates measure packages because they will be required to enter into the system the length, width, and height of some parcels.

Evaluation of Management's Comments	
--	--

Management's comments are responsive to the intent our finding and recommendation. We originally recommended that management incorporate hands-on demonstrations in their annual "refresher" training. However, we modified the recommendation based on management's feedback. Management's planned corrective action to develop on-line training for retail associates should correct the issues identified in the finding.

APPENDIX A.

[illegible]

[illegible][illegible]

APPENDIX B. STATISTICAL SAMPLING AND PROJECTIONS

Purpose of the Sampling

One of the objectives of this audit was to assess whether retail associates assess applicable surcharges to packages mailed over the counter. In support of this objective, the audit team employed multistage random samples of packages at two P&DCs and at two L&DCs in the [REDACTED] Area. The sample design allows statistical projection of the number of shortpaid packages and of the dollar amount shortpaid.

Definition of the Audit Universe

The audit universe for each facility consisted of all packages with PVI⁷ labels processed on the specific test dates for the facility. We judgmentally selected the facilities and their test dates and, therefore, cannot project the results to other facilities and dates. The audit team sampled carts and tested packages during Tour 2 at the test facilities because virtually all packages incoming from the district post offices arrived during that time. The audit team obtained the universe of packages from the testing itself and collected information from the PVI labels to calculate postage amounts retail associates should have charged for packages eligible for size-related charges in four categories:

- Priority Mail balloon rate
- Parcel Post balloon rate
- Parcel Post nonmachinable surcharge
- Parcel Post oversized surcharge

Sample Design and Modifications

We had no prior information regarding the number of packages we could expect to find that were shortpaid (i.e., had not been charged the surcharges at the counter). Therefore, we selected an interval sampling plan so the team could apply it over the entire Tour 2 period and collect as much data as possible. The interval achieved varied among the facilities based on the rate of incoming mail. Also at the later facilities, the team members had improved the rate at which they could analyze the packages. We used the term "container" here to mean the All-Purpose Containers or Bulk Mail Carts in which the packages arrived.

Within each container, the team examined all packages to establish whether any of the surcharge criteria were met (i.e., how many packages were eligible for a surcharge). For all of the eligible packages in the selected containers, the team collected the PVI label data to allow later calculation of the rate the associate should have charged.

⁷The PVI is a computer printing device that attaches to an Integrated Retail Terminal (IRT) and POS ONE systems to produce a postage label.

The following notes summarize the designs by facility:

- [REDACTED] P&DC
 - Universe total of 239 containers, approximately every other one selected, unless volume was sufficiently low to test additional containers; sample consisted of 155 containers over 5 test days.
 - This resulted in a total of 1,669 packages the audit team tested.
- [REDACTED] L&DC
 - Two-stage sample: trucks at the first stage, containers at the second stage.
 - Universe of 55 trucks, attempted to select every other one unless volume sufficiently low to test additional trucks (trucks observed to contain only letter trays or other non-package mail were not included in the universe count); sample consisted of total of 29 trucks over 3 test days.
 - Total of 463 containers, with 223 selected in sample, over 3 test days.
 - This resulted in a total of 3,892 packages the audit team tested.
- [REDACTED] P&DC
 - Census of 160 containers over 4 test days.
 - This resulted in a total of 1,159 packages the audit team tested.
- [REDACTED] L&DC
 - Census of 222 containers over 4 test days.
 - This resulted in a total of 3,286 packages the audit team tested.

Statistical Projections of the Sample Data

To project the number of eligible packages and the amount shortpaid in the audit universes for the [REDACTED] facilities, we analyzed the sample data using the formulas for estimating a population total for a stratified random sample or a two-stage cluster sample as appropriate (see Elementary Survey Sampling, Scheaffer, Mendenhall, and Ott, c.1990). The [REDACTED] District results are the actual observations, as the reviews at the [REDACTED] facilities were both census reviews.

[REDACTED] P&DC

Based on projection of the sample results, we are 95 percent confident that retail associates did not collect between \$271 and \$501 for packages eligible for surcharges; the point estimate is that retail associates did not collect \$386 for 86 packages in the 5-day test period.

██████████ L&DC

Based on projection of the sample results, we are 95 percent confident that retail associates did not collect between \$446 and \$710 for packages eligible for surcharges; the point estimate is that \$578 was not collected for 105 parcels in the 3-day test period.

██████████ P&DC

We observed retail associates did not collect \$209 for the 79 packages eligible for surcharges in the 4-day test period.

██████████ L&DC

We observed retail associates did not collect \$184 for the 37 packages eligible for surcharges in the 4-day test period.

Implications Based on Retail Data Mart Information

To estimate the potential dollars associated with a full two-week period for each of the four above sites, we obtained, from Retail Data Mart, the number of packages for which retail associates actually assessed surcharges. Our tests provided us with site-specific estimates of the fraction of packages eligible for surcharges for which retail associates did apply surcharges. Relying on the Retail Data Mart package counts and these percentages, we estimated potential additional revenue for a two-week period corresponding to the test dates:

<u>Districts</u>		<u>Potential Additional Revenue</u>
██████████	P&DC	\$16,000.00
	L&DC	4,500.00
██████████	P&DC	3,700.00
	L&DC	400.00
Total		\$24,600.00

APPENDIX C

OFFICE OF INSPECTOR GENERAL (OIG) CALCULATION OF POTENTIAL ADDITIONAL REVENUE

As shown below, the OIG identified \$24,600 in potential additional revenue. The OIG calculated the potential additional revenue through multistage random samples of packages at two P&DC and at two L&DC in the [REDACTED] Area.

- [REDACTED] P&DC
- Based on projection of the sample results, we are 95 percent confident that retail associates did not collect between \$271 and \$501 for packages eligible for surcharges; the point estimate is that retail associates did not collect \$386 for 86 packages in the 5-day test period.
- [REDACTED] L&DC
- Based on projection of the sample results, we are 95 percent confident that retail associates did not collect between \$446 and \$710 for packages eligible for surcharges; the point estimate is that retail associates did not collect \$578 for 105 parcels in the 3-day test period.
- [REDACTED] P&DC
- We observed retail associates did not collect \$209 for the 79 packages eligible for surcharges in the 4-day test period.
- [REDACTED] L&DC
- We observed retail associates did not collect \$184 for the 37 packages eligible for surcharges in the 4-day test period.

To estimate the potential dollars associated with a full two-week period for each of the four above sites, we the number of packages that retail associates actually assessed surcharges to from the Retail Data Mart. Our tests provided us with site-specific estimates of the fraction of packages eligible for surcharges for which retail associates did apply surcharges. Relying on the Retail Data Mart package counts and these percentages, we estimated the following potential additional revenue for a two-week period corresponding to the test dates:

<u>Districts</u>		<u>Potential Additional Revenue</u>
[REDACTED]	P&DC	\$16,000.00
[REDACTED]	L&DC	4,500.00
[REDACTED]	P&DC	3,700.00
[REDACTED]	L&DC	400.00
Total		\$24,600.00

APPENDIX D. MANAGEMENT'S COMMENTS

ELLIS A. BURGOWNE
VICE PRESIDENT, DELIVERY AND RETAIL



September 19, 2005

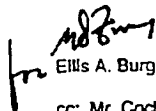
MARY W. DEMORY

SUBJECT: Draft Management Advisory - Balloon Rate and Parcel Surcharges
(Report Number DR-AR-05-DRAFT)

This is in response to the Office of Inspector General's draft audit report regarding the [REDACTED] Districts. We have reviewed the report and have concerns with the recommendations relating to incorporate hands-on demonstrations in the annual retail associates refresher training to ensure retail associates understand how to properly measure length and girth to accurately assess balloon rate, nonmachinable, and oversized surcharges.

We do not provide annual "refresher" training to our retail associates. Training each year is determined by the needs of the service. Next year we intend to develop on-line training for retail associates which focuses entirely on surcharges. Additionally, POS ONE changes currently underway will change the way retail associates measure packages. They will now be required to enter the length, width and height of some parcels. The POS ONE system will determine the "girth" of the package based on the dimensions entered. Therefore, we request that you eliminate the reference to refresher training or change to "establish a training method to ensure this is accomplished."

If you have any questions, please contact Frederick J. Hintenach, Manager, Customer Service Operations at (202) 268-5045.


Ellis A. Burgoyne
cc: Mr. Cochrane
Mr. Hintenach
Ms. Webster

475 L'ENFANT PLAZA SW RM 7017
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RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-266 Please provide annual data for each of the past three years showing the percentage of single-piece Bound Printed Matter articles that were mailed which also qualified for mailing as Media or Library Mail. If actual data are not available, please provide the best available estimate and the criteria that were utilized to make that estimate.

RESPONSE:

No such data are available, nor is there any basis to make an estimate.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-271

[a] Please explain why the DMCS name for single-piece Bound Printed Matter is being changed to Non-presort Bound Printed Matter.

[b] Are there any other mail classes which may be mailed as a single piece which are not called Single-Piece in the DMCS?

[c] If so, please specify.

[d] Are any of these mail classes having the name changed to Non-presort?

[e] If so, please list. If not, please explain why not.

RESPONSE:

(a) The proposed name change better reflects reality. Bound Printed Matter is used, almost exclusively, by commercial mailers of catalogues and bound printed matter, including books, who normally meet the minimums required for discounted rates. To the extent that these mailers have smaller mailings that do not meet the presort requirements, they are "nonpresort" mailings, as are smaller mailings sent by anyone who does not presort. Also, see the response to DBP/USPS-220(a).

(b) Yes.

(c) Express Mail, Periodicals, and Parcel Post.

(d) No.

(e) Since they are not currently called "Single piece," it is not clear why there would be a need to consider a change to "Nonpresort."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-272 Please refer to your response to Interrogatory DBP/USPS-114.
[a] Please explain the types of mail and the conditions under which the 4-state barcode will be affixed to the mailpiece. [b] Please discuss any plans for the expansion of the use of 4-state barcodes by the Postal Service.

RESPONSE:

(a) The 4-State Customer Barcode can be affixed to both letters and flats.

The barcode can be affixed by mailers/customers. Placement configurations are outlined in the Resource Guide at <http://ribbs.usps.gov/onecodesolution/>.

(b) Upon its launch in September, the 4-State Customer Barcode will be used by OneCodeConfirm and OneCodeACS subscribers. The USPS is currently evaluating the strategic direction and future usage requirements for this barcode.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-273 Please refer to your response to Interrogatory DBP/USPS-114 subpart f.[a] Please confirm, or explain if you are unable to confirm, that the Postal Service does not utilize the 4-state barcode to sort or route [in a manner similar to the sorting that is accomplished with the POSTNET barcode] the mailpieces to which the codes have been affixed. [b] Please explain how the Postal Service expects to improve mail service by analyzing the information contained in the 4-state barcode.

RESPONSE:

- (a) The 4-State Customer Barcode may be used in lieu of POSTNET to sort or route mail when it also carries tracking information for Confirm or ACS services. At its initial launch in September, the Postal Service does not intend to replace POSTNET with the 4-State Customer Barcode when the only function desired is to sort mailpieces.
- (b) The 4-State Customer Barcode provides visibility into the mailstream. With visibility both mailers and the Postal Service can use this information to improve mail service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-274 Please refer to your response to Interrogatory DBP/USPS-114.

[a] Please explain how it is possible when manually decoding a 4-state barcode to determine which bar represents the first or starting bar and which bar represents the last or ending bar, i.e. how does one orient the bar code to properly decode it. [b] Please list the total number of bars that appear in each of the types of a properly applied 4-state barcode. [c] Under what conditions will fewer bars exist in a barcode affixed to a mailpiece. [d] How does one manually decode a barcode that has fewer bars than noted in the response to subpart b.

RESPONSE:

- (a) The 4-State Customer Barcode encoding and decoding algorithm takes care of orientation. There is no way to determine orientation (first and last bars) just by looking at the barcode. Although this barcode does not have framing bars it has a condition within the encoding routine that remains constant to allow decoding algorithms to determine orientation of the barcode.
- (b) The 4-State Customer Barcode is comprised of exactly 65 bars. There is no rule as to the number of descender, ascender, tracker, and full bars.
- (c) The 4-State Customer Barcode is comprised of exactly 65 bars. If there are fewer or more than 65 bars within a barcode, this is an indication of an invalid 4-State Customer Barcode.
- (d) A valid 4-State Customer Barcode must have 65 bars. If a customer uses only a 5 digit ZIP Code within the barcode, the 4-State Customer Barcode will still consist of 65 bars.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-275 Please refer to your response to Interrogatory DBP/USPS-114 subpart h. Please confirm, or explain if you are unable to confirm, that there is no planned reduction in the use of POSTNET barcodes or the ID Tag [orange RBCS markings]

RESPONSE:

The USPS equipment will still place POSTNET and ID tags (orange RBCS markings) on mailpieces that are not pre-barcoded with ZIP code information by the customer. Customers will use the 4-State Customer Barcode or the POSTNET for the applicable postal service or discount defined by the service.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-276. Please refer to your response to Interrogatory DBP/USPS-125. Please list all of the places/methods by which a mailer may enter Post Office to Addressee Express Mail into the system including but not limited to, retail windows, carriers, collection boxes, pick-ups, etc.

RESPONSE:

A mailer can enter PO-Addressee Express Mail over the retail window, by giving it to carriers or collection employees during their normal delivery and collection duties, by putting it in a Express Mail collection box, by scheduling a pick-up, by using an APC, or, if the piece is manifested, at the locations specified in the Express Mail Manifesting agreement.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-277. Please refer to your response to Interrogatory DBP/USPS-125. Please advise why Post Office-to Post Office is limited to mailing at post office, stations, or branches and may not be mailed with carriers, in collection boxes, or on pick-ups.

RESPONSE:

PO-PO Express Mail may be deposited at the locations specified in the response to DBP/USPS-276.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-278.

[a] May Express Mail be deposited in any blue collection box or is it limited to depositing in specifically designated Express Mail boxes?

[b] Please discuss the rationale for your response.

RESPONSE:

(a) – (b) Nothing prevents a mailer from depositing Express Mail in a blue collection box, though the mailer runs the risk of not receiving the service guarantee that would have applied if it were placed in an Express Mail collection box.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-279.

- [a] Please advise how the time[s] are selected for collecting an Express Mail collection box.
- [b] Must the time[s] be selected so that the mail will arrive back at the post office at such time as to be able to meet all of the service guarantees for the earliest cut-off time of the day at the retail service window?
- [c] If not, why not?
- [d] If an article is mailed prior to the collection time at the blue Express Mail collection box will it receive the same service guarantee as it would have if it was mailed at the retail service window prior to the earliest cut-off time of the day?
- [e] If not, why not?
- [f] Please explain how the postal clerk who is entering in an Express Mail article that was collected from a collection box will determine the proper service guarantee if it is already after the cut-off time by time the article is brought back to the post office and processed [i.e. the computer is now advanced to the point that the article was mailed after the cut-off time].

RESPONSE:

- (a) Collection schedules are set so as to provide the latest possible collection consistent with local acceptance and dispatch capabilities.
- (b) – (e) The collection time for an Express Mail collection box does not necessarily correspond to the cut-off times for window service operations. The locations and collection schedules for Express Mail collection boxes are set by the field in a manner consistent with the response to part (a), and should assure that the Express Mail dropped in those boxes before the last scheduled collection receives a service commitment based on the deposit date. That commitment, however, may not correspond to the earliest commitment available for that date.
- (f) The retail computers (POS ONE and IRTs) allow the acceptance associate to roll back the mailpiece's acceptance time to the collection box tap time.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
DAVID B. POPKIN INTERROGATORY

DBP/USPS-281. Please refer to your response to Interrogatory DBP/USPS-136.

[a] Please confirm, or explain if you are unable to confirm, that for all of the methods you enumerated, the mailer must provide a specific ZIP Code.

[b] For example, a mailer desiring to send PO-PO Express Mail to the Times Square Station in New York NY 10036 will be told that it is not available. Please advise how the mailer will be able to learn of the nearest and/or most convenient claim location to the originally requested location.

[c] Will the mailer and/or the postal clerk be required to be knowledgeable of other ZIP Codes in the area and keep trying them one-by-one until a satisfactory location is found?

[d] Please advise how a mailer will be advised of the specific claim location if a given ZIP Code has 2 or more retail facilities. For example, the 07102 ZIP Code covers both the main Newark NJ post office and the Washington Park Station [and perhaps other stations also].

[e] If a ZIP Code appears on the listing, is service available to all retail postal facilities that utilize that ZIP Code?

RESPONSE:

(a) – (c) The mailer would have to provide a specific ZIP Code. If PO-PO Express Mail is not available to that destination ZIP Code, then the mailer could determine whether it is available to other ZIP Codes in the area by inquiring as to those ZIP Codes.

(d) If there are two or more facilities within the same five-digit ZIP Code, the article is sent to the facility designated on the Label 11-A.

(e) No.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-282. Please refer to your response to Interrogatory DBP/USPS-138.

[a] Is this listing of PO-PO Express Mail claim locations available on line to mailers who wish to use the service and evaluate the listing to determine the most convenient location to choose?

[b] If not, why not?

RESPONSE:

(a) No, this listing is not available on USPS.com.

(b) The Postal Service has not deemed it to be necessary to place such a listing on USPS.com.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-287. Please refer to your response to Interrogatory DFC/USPS-23 subpart b relating to Express Mail.

[a] Please explain why the Postal Service utilizes a system to calculate the average days to deliver by using the hours to deliver divided by 24 rather than using calendar days.

[b] Please confirm, or explain if you are unable to confirm, that this method will usually provide a lower number than the system of using calendar days would.

[c] Please confirm, or explain if you are unable to confirm, that the calendar day system is utilized with all other classes of mail.

[d] Please provide a similar table showing the Average Days to Delivery calculated by means of calendar days instead of Average Hours to Delivery divided by 24.

[e] Please discuss any reasons that you believe exist on how PO-PO mail can be delivered in less than 21 hours on average regardless of whether it is scheduled for up to 4 days.

[f] Please discuss any reasons that you believe exist on how PO-Addressee mail can be delivered in less than 2 days on average regardless of whether it is scheduled for 3 or 4 days.

RESPONSE:

(a) Please note that the Postal Service does not "utilize" the information provided in the response to DFC/USPS-23. Rather, the Postal Service performed the requested calculation in order to respond to the question asked. The Postal Service provided hours to delivery data based on PTS clock time since Express Mail is a product that is sensitive to the time of day in which it is accepted and delivered, and since it believed that was the information desired by the participant who submitted DFC/USPS-23.

(b) Confirmed, for the simple fact that Express Mail is often delivered at an earlier time in the day than which it is accepted.

(c) Confirmed that, as a general matter, calendar days are the basis for Postal Service service standards. Please see the response to part (a), which notes that

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the information provided in the response to DFC/USPS-23 is not "utilized" by the Postal Service.

(d) Please see the following:

	Avg. Days Delivery
Post Office to Post Office	
Express Mail - Retail - Domestic - Next Day 10:00	0.94
Express Mail - Retail - Domestic - 2 Day 10:00	1.09
Express Mail - Retail - Domestic - 3 Day 10:00	1.27
Express Mail - Retail - Domestic - 4 Day 10:00	1.22
Post Office to Addressee	
Express Mail - Retail - Domestic - Next Day 12:00	1.05
Express Mail - Retail - Domestic - Next Day 3:00	1.07
Express Mail - Retail - Domestic - 2 Day 12:00	1.51
Express Mail - Retail - Domestic - 2 Day 3:00	1.70
Express Mail - Retail - Domestic - 3 Day 12:00	1.82
Express Mail - Retail - Domestic - 3 Day 3:00	1.91
Express Mail - Retail - Domestic - 4 Day 12:00	1.81
Express Mail - Retail - Domestic - 4 Day 3:00	2.07

The values averaged are simply the difference between the delivery date and the date on which the piece was deposited, without regard to whether the piece was accepted by the cutoff time or whether it was delivered on time.

(e) – (f) The Postal Service has not examined this issue. One reason could be that Express Mail is often accepted at a later time of the day than which it is delivered. This is especially true of PO-PO Express Mail, which has a 10 AM commitment.

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DBP/USPS-289 This refers to your response to Interrogatory OCA/USPS-1 in particular the attached letter as it refers to the measurements of performance for retail Priority Mail.

[a] Please confirm, or explain if you are unable to confirm, that if a Priority Mail article was not collected or picked-up as scheduled it would not be reflected in the results.

[b] Please confirm, or explain if you are unable to confirm, that Priority Mail is delivered overnight.

[c] Please confirm, or explain if you are unable to confirm, that mailers who send Priority Mail to an area in the overnight delivery area will expect their mail to be delivered overnight.

[d] Please advise why Priority Mail is considered to be a two-/three-day product.

[e] Please confirm, or explain if you are unable to confirm, that by not indicating that some Priority Mail will be delivered overnight may cause some mailers to utilize Express Mail unnecessarily.

[f] Please advise what types of scans of the Delivery Confirmation program will indicate the delivery of a mailpiece in the determination of performance statistics.

[g] Please confirm, or explain if you are unable to confirm, that Delivery Confirmation service may actually slow up the delivery of the mailpiece since it requires that the mailpiece be held out for scanning.

[h] Please describe the procedures that are utilized in scanning a Priority Mail article at the office of mailing, in transit through the various mail processing facilities, at the delivery office, and in actual delivery.

[i] Please advise why Delivery Confirmation service is believed to be a valid proxy for all Priority Mail service.

RESPONSE:

(a) Not confirmed. An article will be entered into PTS when it is scanned for the first time. Please see responses to OCA/USPS-69-71.

(b) Confirmed that some Priority Mail is delivered overnight.

(c) The Postal Service is not in a position to state the expectations of a particular individual mailer, but it is reasonable to assume that a mailer who

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knows that the service standard for delivering a Priority Mail piece to a certain destination is one day would assume that the mail will be delivered in one day.

(d) Most Priority Mail has a two day service standard, and some has a three day standard.

(e) Not confirmed. As one example, a mailer may choose Express Mail over Priority Mail because of the Express Mail guarantee.

(f) Please see response to OCA/USPS-69-71.

(g) Not confirmed. A mailpiece is not held out for scanning. The carrier provides a scan when the piece is delivered.

(h) Please see responses to OCA/USPS-69-71.

(i) Please see responses to OCA/USPS-69-71.

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DBP/USPS-290.

[a] If a mailer wants to mail a double post card, is it preferred to have the fold at the top or the bottom of the mailpiece?

[b] Please explain the rationale for your response to subpart a.

[c] If your response to subpart a is the bottom of the mailpiece, please explain why the double stamped card sold by the Postal Service has the fold at the top.

RESPONSE:

- (a) Neither is preferred over the other. See DMM section 101.6.3.10c.
- (b) Because there has been no determination to impose a preference.
- (c) N/A

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DBP/USPS-292 This interrogatory refers to the orange RBCS ID tag that appears on the reverse side of a letter.

- [a] What is the purpose of this code?
- [b] What data fields are contained in the code?
- [c] When, where, and on what types of mail is this code affixed?
- [d] Is there a way to manually decode this code?
- [e] If so, please provide the information.
- [f] If a mailpiece is forwarded or returned to sender, will the original coding cause a problem?

Response:

[a] The unique ID tag code is used to keep track of each mailpiece throughout RBCS.

[b] The ID tag fields are as follows:

- 1. Machine identification
- 2. Day of month D: D1, D0 1-31
- 3. Time of day T: T1, T0 0-47
- 4. Sequence number S: S4, S3, S2, S1, S0 1-25000
- 5. Mail class C: C0 0, 1
- 6. RBCS site

[c] The ID tag is affixed on any mail piece that does not have a prior ID tag and is processed through the MLOCR, DIOSS, CIOSS, or AFCS.

[d] Yes.

[e] Please see the attached.

ATTACHMENT**EXPLANATION, ID TAG AND CODE****INTRODUCTION**

The term "ID tag" refers to a bar code that is printed on the back of each mailpiece being sent through the RBCS Input Sub-System (ISS). This code is different from the POSTNET coding. An ID tag is generated for each letter with a unique coded number so no two mailpieces will have the same ID tag. This unique ID tag code is used to keep track of each mailpiece throughout the RBCS.

An ID tag code is generated by the ISS system computer. The ID tag is printed on the mailpiece as it passes through the ISS.

The system computer sends the ID tag information to the STP where ID tag data, along with the image scan data is stored. For mailpieces where the 9/11-digit or unique 5-digit ZIP codes could not be resolved, the information along with the image data is sent to the Image Processing Sub-System (IPSS) when requested.

The Remote Encoding Center (REC) site processes the image data to find a 9/11-digit ZIP code result. This ZIP code result, along with the ID tag code, is sent back to the postal site and stored in the Decision Storage Unit (DSU).

The OSS receives the mail from the ISS that did not have a 9/11-digit or unique 5-digit ZIP code resolved. As the mail is sent through the OSS the ID tag data is read from the back of the mailpiece and sent to the DSU to look up the POSTNET code for this mailpiece. The DSU sends back the POSTNET code to the computer and it is sprayed on the front of the mailpiece.

ID TAG CODE

The LAT-772 ID Tag Scanner serves to read and verify the bar code imprinted on the mailpiece.

The ID tag printer prints a fluorescent orange ID tag on the back of each mailpiece without an ID tag as it passes through the ISS. The ID tag consists of five numeric fields: machine identification, day of month, time of day, sequence number, and mail class. The ID tag fields are as follows:

1. Machine identification	M: M3, M2, M1, M0	1-3999
2. Day of month	D: D1, D0	1-31
3. Time of day	T: T1, T0	0-47
4. Sequence number	S: S4, S3, S2, S1, S0	1-25000
5. Mail class	C: C0	0, 1

The ID tag fields are further described as follows:

1. Each ISS machine has a machine number assigned to it. No two machines have the same number assignment.
2. The day of the month is the calendar date, 01 (first day) through 31 (thirty-first day).
3. The time of day is broken up into 48 one-half hour intervals. This number is incremented each half hour. Midnight is "00", 0030 is "01", 0100 is "02", up through 2330, which is "47".
4. The sequence number is set to zero each half hour. Each mailpiece passing through the machine is given a sequence count starting at "1" and continuing up to "25000" in that half hour.
5. The mail class is "1" for first class mail and "0" for third class mail.

With this method of tagging each mailpiece, no two will have the same ID tag.

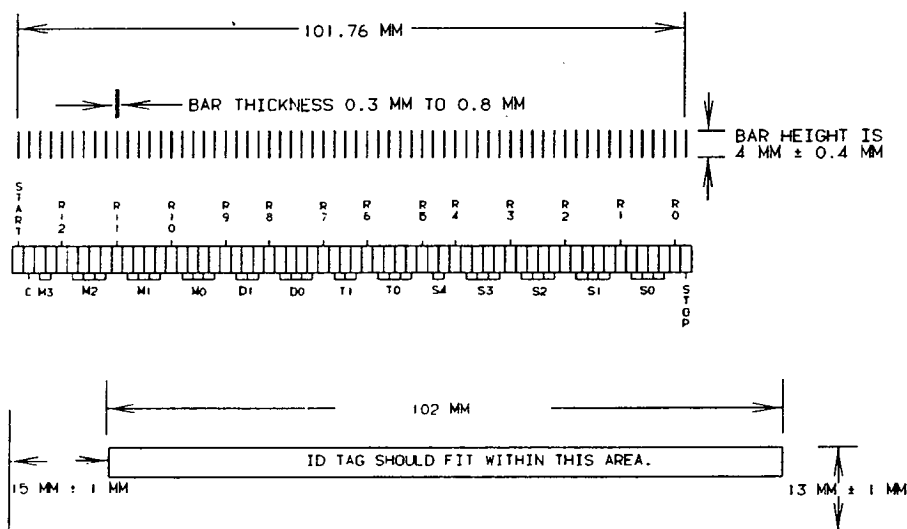
Single character numbers in the ID tag code are represented by a modified binary coded decimal (BCD) code. In order to have a minimum of code positions, numbers that do not require the whole range of values from 0 to 9 are coded with less than four bits. Moreover, C0 and M3 are combined in a 3-bit code word. The result is the required number of user bits as follows (also, see Figure 1):

C + M3	3 bits
M2, M1, M0	12 bits
D1	3 bits
D0	4 bits
T1	3 bits
T0	4 bits
S4	2 bits
S3, S2, S1, S0	<u>16 bits</u>
TOTAL	47 bits

To protect the ID tag code from possible errors, 13 redundancy bits (R0 - R12) are inserted. By means of these bits, 2-bit errors can be corrected and 3-bit errors recognized. By inserting the redundancy bits between the user characters, it is guaranteed that there will be no more than four consecutive gaps.

Each ID tag consists of one start bit, one stop bit, 47 ID-coding bits, and 13 redundancy bits for a total of 62 bits. Refer to Figure 1 for the formatting and dimensions of a proper ID tag.

BIT CODE		POSITION IDENTIFIERS AND DIMENSIONS	
	= 0	M3 - M0 MACHINE ID # 1 - 2000	C+M3 3 BITS
	= 1	D1 - D0 DAY OF MONTH 1 - 31	M2, M1, M0 12 BITS
	= 2	T1 - T0 TIME (.5 HR) 0 - 47	D1 3 BITS
	= 3	S4 - S0 SEQUENCE # 1 - 25000	D0 4 BITS
	= 4	CO MAILCLASS 0-1	T1 3 BITS
	= 5	BAR HEIGHT 4 MM	T0 4 BITS
	= 6	BAR THICKNESS 0.3 MM TO 0.8MM	S4 2 BITS
	= 7	BAR SPACING 1.66 MM \pm 0.25 MM	S3, S2 8 BITS
	= 8	ID TAG LENGTH 102 MM	S1, S0 8 BITS
	= 9	DISTANCE FROM LEFT EDGE 15 MM \pm 1 MM	TOTAL 47 BITS
	= 10	TOP OF BAR TO BOTTOM EDGE 13 MM \pm 1	



MTSC P/N = MM959601

ID TAG TEMPLATE

NSN = 9330-03-000-6399

MM960401 CADAM

Figure 1. ID Tag Template for RBCS

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[f] In a non-PARS site, if the ID tag is not obliterated and the new POSTNET barcode for the forwarding or return address applied in CFS cannot be read, then the sorting machines will query ICS for delivery information and the piece will go back to the original delivery address. In PARS sites, it will not cause a problem, since the existing ID tag will be re-used and the ID Code Sorting system will be updated with the new delivery code for any mail forwarded or returned.

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5926

DBP/USPS-293. The initial pages 2 through 10 of USPS LR-L-152 appear to have the lower left portion of the page redacted. Please explain the need for the redaction or provide an unredacted version of the Library Reference.

RESPONSE:

Nothing was redacted. A copying error resulted in parts of pages 2 - 10 being only partially reproduced. This was explained by the Postal Service on July 17, 2006 in the Notice of Filing Substitute Copies of USPS Library Reference USPS-LR-L-152, and corrected replacement copies were filed.

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5927

DBP/USPS-294. What is the significance of the words "Month year" appearing on the lower right corner of the initial pages 1 through 11 of USPS LR-L-152?

RESPONSE:

There is no significance.

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5928

DBP/USPS-295. Please provide a copy of the instructions that were provided to the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) were not provided any instructions. Rather, they were contacted and interviewed by phone. However, in the interview, they were greeted with the following introduction:

Hello, my name is _____. I'm calling from Opinion Research Corporation of Princeton, New Jersey. We're conducting a national survey of people's opinions on subjects of interest to consumers and would like to have your household participate. We are not selling any products or services. We are only asking your opinions. Your answers will remain confidential. This call may be monitored or recorded for quality assurance purposes.

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5929

DBP/USPS-296. Please provide a copy of the telephone scripts that were provided to the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) were not provided any telephone scripts. Rather, they were contacted and interviewed by phone. Please also see the response to DBP/USPS-295.

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5930

DBP/USPS-297. Please provide a copy of the computer screens that were utilized by the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) did not utilize any computer screens. Rather, they were contacted and interviewed by phone.

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5931

DBP/USPS-298. Please provide a copy of the questionnaires that were utilized by the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) did not utilize any questionnaires. Rather, they were contacted and interviewed by phone. Copies of the questionnaires used for the Small Business Caravan Survey and Consumer Caravan Survey have been filed per DBP/USPS-299.

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5932

DBP/USPS-299. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology state that, "a copy of the question series as it appeared in the survey questionnaire" is included. Please point out which specific pages and parts contain that information or provide the information.

RESPONSE:

Copies of the survey questionnaires were intended for inclusion at the end of the Small Business Caravan Methodology and Consumer Caravan Methodology.

Inadvertently the questionnaires were left out. Corrected copies of USPS-LR-L-152 have been filed.

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5933

DBP/USPS-300. In the Small Business Caravan Methodology of USPS LR-L-152 it states that the report was obtained by a survey of 2059 adults living in private households. Please explain why it is believed that contacting adults in private households will provide a valid study of the data for small businesses.

RESPONSE:

Tabulations in the Small Business Caravan Methodology were limited to those among the 2,059 respondents who indicated that they were the owner or manager of a small business. On a weighted basis, that represented 199 respondents.

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5934

DBP/USPS-301.

[a] Please provide information on the methods that were utilized to contact and obtain valid data for the study of small businesses in USPS LR-L-152.

[b] Please provide the definition of a small business that was utilized in this survey.

RESPONSE:

[a] The respondents were asked if they are the owner or manager of a small business.

[b] A sole proprietorship or a business with fewer than 20 employees.

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5935

DBP/USPS-302. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology contain a table on the last page which has a heading of "Acceptability of [practice]". What is the significance of the word "[practice]"?

RESPONSE:

There is no significance for the Forever Stamp survey. The brackets are intended as a placeholder, with the inserted generic term "practice" representing whatever is being studied/tested.

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5936

DBP/USPS-303. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology state that there were two waves of a telephone survey.

[a] Why were there two waves rather than a single wave?

[b] What was the difference between the two waves?

[c] Was there any significant difference between the results of the two separate waves?

[d] If so, please explain and discuss.

RESPONSE:

[a] CARAVAN® is conducted twice-weekly, year-round. The two weekly "waves" each target 1,000 individuals. In the case of the Forever Stamp survey, two waves were needed to obtain the required number of interviews.

[b] There are no differences between the two waves.

[c] The results were not stratified on that basis, but no significant differences should be expected.

[d] N/A

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5937

DBP/USPS-304. Please provide the raw data that resulted from the two waves of telephone surveys that were conducted for USPS LR-L-152 including, but not limited to, the data from income level, metro size, children in household, geographic region, and occupation. Please discuss any significant differences observed in any of these categories.

RESPONSE:

Detailed raw data tabulations were intended for inclusion starting at page 10 of both the Small Business Caravan Methodology and Consumer Caravan Methodology. Inadvertently these sections were left out. Corrected copies of USPS-LR-L-152 have been filed.

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5938

DBP/USPS-305. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology were conducted on April 27 [Thursday] to May 1, 2006 [Monday].

[a] Were calls made on both the weekdays and weekend of that time period?

[b] If so, was there any difference between calls made on the weekday vs. weekend?

[c] If so, please discuss.

[d] Please discuss the significance of contacting small businesses on a weekend, particularly on a Sunday.

RESPONSE:

[a] Yes.

[b] The same questionnaires were utilized on weekdays and the weekend.

[c] N/A

[d] Small businesses, per se, were not contacted in the survey. Rather, private households were contacted, and the small-business sample was derived by querying the respondent if she/he is the owner or manager of a small business.

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5939

DBP/USPS-306. Please confirm, or explain if you are unable to confirm, that the survey for USPS LR-L-152 dealt with the last rate increase from 37¢ to 39¢ in both the reactions to what took place during that change as well as what would have been done had a Forever Stamp been in use.

RESPONSE:

Partially confirmed. The survey did gauge reactions to the increase from 37 cents to 39 cents in January 2006. Otherwise, not confirmed. A baseline rate of 39 cents (the extant rate when the survey was conducted in April/May 2006) was posed to survey participants. Please see USPS-T-48, at 13, lines 22 and 23.

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5940

DBP/USPS-307. In USPS LR-L-152, please confirm, or explain if you are unable to confirm, that both the Small Business Caravan Methodology and Consumer Caravan Methodology do not contain any specific data for a particular survey [other than the first paragraph of the Introduction] that describe the methods that were utilized in this survey and that the data that provided shows the reliability of data in general and not in this survey specifically.

RESPONSE:

Confirmed. Please see the response to DBP/USPS-304.

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5941

DBP/USPS-308. In USPS LR-L-152 in the data tabulation the letters HH appear after the word Consumers in a number of instances. What does it stand for?

RESPONSE:

Household. The term appears inadvertently. It no way does it modify the category "Consumers."

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5942

DBP/USPS-309. In USPS-LR-L-152, customers were asked about purchasing the Forever Stamp at various prices from 39¢ to 45¢.

- [a] What time frame was the response supposed to be made with respect to?
- [b] Was it before or after the rate change from 37¢ to 39¢ on January 8, 2006?
- [c] If it was before, how far before January 8th was utilized?
- [d] If it was before, were the respondents aware that the rates were being increased to 39¢ on January 8th?
- [e] Please discuss what extent you feel the holiday season would have affected the response and the rationale for that response.

RESPONSE:

- [a] The purchase decision was posed for "today."
- [b] After.
- [c] N/A
- [d] N/A
- [e] The percentage of respondents who were very or somewhat likely to purchase the Forever Stamp at 39 cents (no premium) ranged for consumers from 64 percent if the next rate change is one year "from today" to 82 percent if the next rate change is two weeks from today, and for small businesses from 62 percent if the next rate change is one year from today to 82 percent if the next rate change is two weeks from today. "Today" can be taken to mean late April/early May, when the survey was conducted. If the survey had been conducted in November or December, just before the "holiday season," it is possible, but not at all certain, that the two-week response would have been higher — to the extent that mailings are concentrated during the holiday season and therefore mailers have more at stake financially.

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5943

DBP/USPS-310. In USPS LR-L-152, the data indicate that 74 to 80 percent of the respondents would be very/somewhat likely to purchase the Forever Stamp at 39¢. If the time frame in response to Interrogatory DBP/USPS-309 was on or after January 8, 2006, what rationale can you provide why 20 to 26 percent of the respondents would not want to purchase the Forever Stamp?

RESPONSE:

The survey question eliciting that response range (74 to 80 percent) specifically refers to the opportunity to purchase the Forever Stamp "today." Perhaps some respondents have an interest in purchasing the Forever Stamp, but not until later. Other respondents may prefer denominated stamps for philatelic reasons.

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5944

DBP/USPS-311. In USPS LR-L-152, the data indicate that 27 to 57 percent of the respondents would be very/somewhat likely to purchase the Forever Stamp at prices that were higher than the proposed rate increase to 39¢. What rationale can you provide why the respondents would want to purchase the Forever Stamp at a higher price than just purchasing regular stamps at 39¢?

RESPONSE:

The Forever Stamp can serve as a hedge against future rate increases. This hedge value may exceed the Forever Stamp's rate premium for some mailers.

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5945

DBP/USPS-312. In USPS LR-L-152, please provide the rationale for tabulating the responses to Insights #1, #4, #5 and #10 through #15 with respect to the premium prices that were likely to be paid.

RESPONSE:

The value of such cross-tabulations was apparently evidenced in DBP/USPS-311, which relied on one — the 27 to 57 percent range — from Insight #12.

Otherwise, in general, the cross-tabulations enable cross-comparisons at the different rate-premium tiers.

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5946

DBP/USPS-313. In USPS LR-L-152, please provide the rationale for why the response for small businesses for Insight #1 at the 42¢ and 45¢ levels is higher any of the other responses including those for Consumers.

RESPONSE:

It is entirely plausible that, on average, small businesses have a greater need for postage stamps and therefore will purchase them more frequently than consumers. It is also understandable that among small business mailers, those who are the heaviest stamp users (in Insight #1, those making stamp purchases about three times per month, on average) will derive relatively more convenience and/or hedging value from the Forever Stamp, and will therefore be more likely to pay a 3 or 6 cent premium for it. Insight #1 (as well as Insight #4) is consistent with these correlations.

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5947

DBP/USPS-314. In USPS LR-L-152, please provide the rationale for choosing "20 or <" as the first category as opposed to breaking out 1 to 19 vs. 20 stamps since many sheets and booklets of stamps come in 20's.

RESPONSE:

The detailed tabulations which were intended as part of USPS-LR-L-152 (and have since been included in a corrected USPS-LR-L-152 filing) do in fact disaggregate on the suggested basis: 1 - 5 stamps, 6 - 10 stamps, 11 - 19 stamps, 20 stamps, *et. al.*

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5948

DBP/USPS-315. In USPS LR-L-152, the data indicate that 14% of the respondents purposely underpaid postage, using just one 37¢ stamp when the rate was 39¢.

[a] Please explain why you believe 14% of mailers purposely underpaying postage is a small percent.

[b] Please describe any discussion that was made during the interview regarding what the regulations were for properly paying postage or the action that would be taken by the Postal Service with respect to utilizing a 37¢ stamp when the postage rate was 39¢.

[c] Do you believe that some respondents might understate their sending mail which was prepared in violation of postal regulations?

[d] What action was taken to ensure the best possible data were obtained?

RESPONSE:

- [a] The modification "small" was intended in comparison to the 84 percent who did not pay only 37 cents in postage after the rate became 39 cents. In any case, the 14 percent represents respondents who mailed "any letters" at the old 37-cent rate. This could be as few as one letter (*i.e.*, one incidence). Therefore, the overall percentage of letters mailed at 37 cents was no doubt less than 14 percent, possibly much less than 14 percent.
- [b] The survey was limited to eliciting mailer responses to the items in the questionnaire. There was no scope for discussing regulatory and enforcement matters.
- [c] The Postal Service has no reason to believe this.
- [d] The interviewer's opening statement included the following: "We are not selling any products of services. We are only asking your opinions. Your answers will remain confidential."

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5949

DBP/USPS-316.

- [a] What action will the Postal Service take if a mailer deposited a one ounce letter with a 37¢ stamp affixed when the rate was 39¢?
- [b] Would the response to subpart a be different depending how soon after the January 8, 2006, rate increase it took place?
- [c] If so, please explain.
- [d] This subpart is designed to determine the extent to which shortpaid mail such as described in subpart a above would be discovered in an effort to determine the significance of the regulation. If a mailer were to deposit at the present time a single #10 one ounce envelope with a typewritten or computer printed address in each of the some 300,000 blue collection boxes located throughout the country and addressed to different addresses located randomly throughout the 50 states and prepaid with a 37¢ stamp, what is your best estimate of the number of these 300,000 envelopes would be discovered and action taken to collect the shortpaid 2¢?

RESPONSE:

- [a] – [c]. The pertinent Domestic Mail Manual (DMM) regulation for shortpaid mail is:

DMM 604.8.1.1

Mail of any class, including mail indicating extra services (except Express Mail, Registered Mail, and nonmachinable First-Class Mail), that is received at either the office of mailing or office of address without enough postage is marked to show the total (rounded off) deficiency of postage and fees. Individual such pieces (or quantities fewer than 10) are delivered to the addressee on payment of the charges marked on the mail. For quantity mailings of 10 or more pieces, the mailer is notified so that the postage charges may be adjusted before dispatch.

For mail taken from collection boxes during the first collection immediately after a rate change, it is presumed that the pieces with 37 cents postage may have been deposited before the rate change took effect.

- [d] It is not known how much shortpaid mail there may be in relation to what is actually caught and either sent back to the mailer or delivered to the addressee with postage due. The Postal Service does not presume to catch 100 percent of shortpaid mail. All shortpaid mail revenue is recorded in a unique accounting code but is not separated by class of mail.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5950

DBP/USPS-317. Please provide any data that exists, such as mystery shopper reports, which would show the extent to which the waiting time at post offices is higher than normal immediately before and/or after a rate increase.

RESPONSE:

There is no conclusive evidence or data to either accept or reject the hypothesis that waiting time at post offices is longer than normal, immediately before and/or after a rate increase. Anecdotal evidence abounds in the media during the period when rates are implemented. Generally speaking, we would expect longer wait time immediately before and/or after a rate increase is implemented.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5951

DBP/USPS-318. Please provide any data that exists which would show the extent to which post offices ran out of the make-up stamps. For example, in the January 2006 rate increase, the extent to which post offices ran out of 2¢ stamps or had to take other action such as selling 1¢ stamps so a customer would need to use two of them or sold other available lower value stamps, such as 3¢ stamps, to allow for the best possible solution when 2¢ stamps were unavailable.

RESPONSE:

No office should have inadvertently run out. Offices could reorder when quantities warranted this action. There are no data reflecting the degree to which any of the phenomena described in your question occurred.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5952

DBP/USPS-319. Please confirm, or explain if you are unable to confirm, that, on balance, the concept of a Forever Stamp is in the best interests of the Postal Service.

RESPONSE:

Confirmed. Please see the discussion of Section 3623(c), criterion 5 in USPS-T-48, from page 18, line 30 to page 19, line 4.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5953

DBP/USPS-320. Please confirm, or explain if you are unable to confirm, that, on balance, the concept of a Forever Stamp is in the best interests of the mailing public.

RESPONSE:

Confirmed. Please see the discussion of Section 3623(c), criterion 5 in USPS-T-48, from page 18, line 30 to page 19, line 4.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5954

DBP/USPS-321.

[a] Please provide the proposals that were studied with respect to having the Forever Stamp available for a limited period of time around a future rate increase rather than having them on sale continuously.

[b] Please confirm, or explain if you are unable to confirm, that the Forever Stamp will be on sale continuously once it has been approved and prepared and issued.

[c] Please discuss why the Postal Service chose to make Forever Stamps available continuously.

RESPONSE:

[a] No other proposals were studied besides what is documented in LR-L-152.

[b] Confirmed. Please see USPS-T-48, at 15, lines 8 - 10.

[c] This was partially based on the finding, in USPS-LR-L-152, Insight #15, that mailer demand for the Forever Stamp would be adversely affected by temporal availability restrictions. Most notably, both consumers and small businesses are more willing to pay a one-cent premium for the Forever Stamp than to have the stamp only available for the two months leading up to the rate change.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5955

DBP/USPS-322. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp be approved and implemented as a result of the action in Docket R2006-1 and further assume that the next time the Postal Service wishes to raise the rates for a single ounce single-piece First-Class Mail letter is in 2009, that the Forever Stamp will be in place before, during, and after the entire process and mailers will be able to take full advantage of the Forever Stamp process.

RESPONSE:

Confirmed, that the Forever Stamp will be available before, during and after rates are increased (hypothetically) in 2009. Also confirmed, that mailers will, at that time, be able to take "full advantage" of the Forever Stamp, subject to its normal terms and specifications.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5956

DBP/USPS-323. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp be approved and implemented as a result of the action in Docket R2006-1 that it will not apply during the change in rates from 39¢ to 42¢ [assuming that the 42¢ rate is approved].

RESPONSE:

Not confirmed. The Forever Stamp, if recommended and approved, will be available to mailers for use as postage even before the Docket No. R2006-1 rate changes become effective. See USPS-T-48, at 19, lines 16 - 18. However, the cost of the stamp will be 42 cents (assuming that is what is approved for the first ounce of single-piece First-Class Mail letters) from the time of initial availability until the time that rates are once again changed pursuant to the next rate case.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5957

DBP/USPS-324. Based on the response to Interrogatories DBP/USPS-319 through DBP/USPS-323, please explain why the plans do not call for implementation in the rates and classifications adopted as a result of Docket R2006-1.

RESPONSE:

It is not true that "plans do not call for implementation in the rates and classifications adopted as a result of Docket R2006-1." Please see USPS-T-48, at 19, lines 12 - 15.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5958

DBP/USPS-325. Based on the response to Interrogatories DBP/USPS-322 and DBP/USPS-323, please explain why there is a need for settlement and/or expedited handling of this issue in this Docket.

RESPONSE:

The response to one question appears to run contrary to the assumptions underlying it. In any event, efficient use of litigation resources is a societal good to which all should strive to contribute. Settlement and/or expedited handling of this issue would make an advance in the direction of achieving that societal good. Accordingly, the Postal Service encourages parties to consider settlement and the efficient use of litigation resources.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5959

DBP/USPS-326.

[a] Please confirm, or explain if you are unable to confirm, that the Postal Service has chosen to utilize the name of Forever Stamp for this innovation.

[b] Please advise any other names that were discussed or considered.

[c] Please discuss why the name of Forever Stamp was chosen.

RESPONSE:

[a] Confirmed.

[b] No other names were recommended for consideration.

[c] The Postal Service believes that the term "Forever Stamp" is effectively evocative of the stamp's validity at any time in the future, regardless of the prevailing rate at the time of use.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5960

DBP/USPS-327.

[a] With respect to the design of the Forever Stamp, please advise number of different stamp designs that is being considered under the current status of the proposal.

[b] Please advise the different proposals that are being considered and the advantages and disadvantages of each of the proposals.

RESPONSE:

[a, b] Forever Stamp implementation issues are being resolved by a cross-functional team at postal headquarters. Discussion of stamp design -- in conjunction with the Citizen's Stamp Advisory Committee -- is still in preliminary stages. No proposals for design have been recommended for consideration. Please also see USPS-T-48, footnote 2.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5961

DBP/USPS-328.

[a] With respect to the design of the Forever Stamp, please advise the planned frequency of issuing a new stamp design that is being considered under the current status of the proposal.

[b] Please advise the different proposals that are being considered and the advantages and disadvantages of each of the proposals.

RESPONSE:

[a] Specific design plans have not yet been formulated.

[b] Please see the response to DBP/USPS-327.

, or explain if you are unable to confirm, that in cases starting with the 15¢ rate [A-stamp] and up to Postal Service issued a non-denominated stamp for rate cases.

This series of non-denominated stamps goes back to 1978, to 1975, when two non-denominated value were issued. After the "H" stamp was issued to designate rate change stamps was

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5963

DBP/USPS-330. If the response to Interrogatory DBP/USPS-328 is that a new design will be issued with each rate case, please advise if you believe any confusion will exist with respect to the Forever Stamp based on the previous history of non-denominated stamps noted in response to Interrogatory DBP/USPS-329.

RESPONSE:

Please see the responses to DBP/USPS-327 and DBP/USPS-328.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5964

DBP/USPS-331.

[a] With respect to the design of the Forever Stamp, please advise the planned wording [as opposed to the picture] that is being considered for inclusion on the new stamp design to inform the mailer of the purpose or validity of the stamp under the current status of the proposal.

[b] Please advise the different proposals that are being considered and the advantages and disadvantages of each of the proposals.

RESPONSE:

[a, b] Please see the response to DBP/USPS-327.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5965

DBP/USPS-332. Please provide a listing of non-denominated stamps or postal stationery that have been previously issued that are or were utilized for the single piece First-Class Mail first ounce rate. Please advise the wording that appeared on each of these stamps. Please also advise the date the stamp was issued and/or sold.

RESPONSE:

For information related to non-denominated stamps and postal stationery, please see the DMM Quick Service Guide, Section 604a.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5966

DBP/USPS-333. If any responses to Interrogatory DBP/USPS-331 with respect to the wording that is being considered to appear on the Forever Stamp also has previously appeared on any previously issued non-denominated stamp as noted in response to Interrogatory DBP/USPS-332, please advise if you believe any confusion will exist with respect to the Forever Stamp based on the previous history of non-denominated stamps [references to USA or similar meaning need not be discussed].

RESPONSE:

Please see the response to DBP/USPS-327.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5967

DBP/USPS-334.

[a] In addition to the Forever Stamp being proposed for domestic use, has any consideration or discussion taken place to also establish a similar Forever Stamp for use on mail being sent to an international destination?

[b] Please provide the rationale for the response to subpart a.

RESPONSE:

[a] No.

[b] A novel concept like the Forever Stamp is best pursued — at least to begin — with a focused rather than a scattered application. Therefore, consideration of the concept has been focused on the application likely to yield the most benefits both to the mailing public and to the Postal Service: the first ounce of single-piece First-Class Mail letters.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5968

DBP/USPS-335.

[a] In addition to the Forever Stamp being proposed for domestic letter use, has any consideration or discussion taken place to also establish a similar Forever Stamp for use on domestic post cards?

[b] Please provide the rationale for the response to subpart a.

RESPONSE:

[a] No.

[b] Please see the response to DBP/USPS-334[b].

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5969

DBP/USPS-336.

[a] With respect to the three semi-postal non-denominated stamps that have been previously issued, please advise the period of time that each of the stamps are/were sold and the postage value[s] of the stamp at the time of sale and the dates of each rate.

[b] If a mailer wants to mail a single piece, one ounce letter utilizing one of these stamps that was purchased at a time when the letter rate was less than the present rate, is additional postage required?

[c] If so, how will the Postal Service be able to determine the need for additional postage?

[d] Does or will the termination of sale of one of these stamps place a maximum limit on the postage value of the stamp? Please explain.

[e] Is a purchaser of one of these stamps required to keep "records" of when the stamps were purchased so that the postage value will be known? Please explain.

[f] May these stamps be utilized to pay the postage on any mailpiece at their postage value? For example, can two Breast Cancer stamps with a postage value of 39¢ each be utilized together with 9¢ in other postage to pay the 87¢ postage presently required on a 3-ounce letter? Please explain and discuss any exceptions.

[g] Is the ability to utilize these stamps as noted in subpart f above limited to any specific service, such as First-Class Mail, or may they be used on any class of mail that may otherwise be paid for with denominated stamps? For example, can five Breast Cancer stamps with a postage value of 39¢ each be utilized together with 12¢ in other postage to pay the \$2.07 postage presently required on a 2-pound Media Mail Single-Piece? Please explain and discuss any exceptions.

[h] May these stamps be utilized to pay the postage on mail destined to an international destination? For example, can two Breast Cancer stamps with a postage value of 39¢ each be utilized together with 6¢ in other postage to pay the 84¢ postage presently required on a 1-ounce letter to Great Britain? Please explain and discuss any exceptions.

[i] Please explain the rationale for any negative responses to subparts f through h.

RESPONSE:

[a] The Breast Cancer Research semipostal was first issued on July 29, 1998 at a purchase price of 40 cents for a postage value of 32 cents. Effective June 30, 2002, the purchase price was increased to 45 cents for a postage value of 37 cents. For a brief period, from the end of December 2004 to February 2005, the Breast Cancer Research semipostal was not available for sale because it was mandated to be taken off sale on December 31, 2004. In January 2005, Public Law No. 108-199 was signed, authorizing sale through December 31, 2005.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5970

RESPONSE to DBP/USPS-336 (continued):

Sale of the Breast Cancer Research semipostal was subsequently extended through December 31, 2007 in Public Law No. 109-100. Effective January 8, 2006, the purchase price is 45 cents for a postage value of 39 cents.

The Heroes of 2001 semipostal was first issued on June 7, 2002 at a purchase price of 45 cents for a postage value effective June 30, 2002 of 37 cents. The stamp was taken off-sale on December 31, 2004 as mandated.

The Stop Family Violence semipostal was first issued on October 8, 2003 at a purchase price of 45 cents for a postage value at that time of 37 cents. The stamp is still on sale. Effective January 8, 2006, the purchase price is 45 cents for a postage value of 39 cents.

[b] Yes. Please see DMM 604.1.10c. See also, Postal Bulletin 22071 (March 7, 2002), page 3, which indicates:

The nondenominated . . . semi-postal stamps postage value is set at the time of purchase. Customers are welcome to use any . . . semi-postal stamps they purchased when lower rates were in effect, but if stamps were purchased before the last rate change in January 2001, they should affix additional postage to reach the appropriate rate based on the size and weight of their letters or parcels. There is, however, no easy way for the Postal Service to determine when the stamps were purchased. Consequently, employees must assume the stamps are being used properly and at the current First-Class Mail rate, and they should not treat pieces bearing the . . . semipostal as shortpaid.

[c] Please see DMM Quick Service Guide, Section 604a.

[d] Yes. Please see DMM 604.1.10.

[e] The Postal Service does not place any recordkeeping requirements on users of semipostals.

[f] In the hypothetical case given, this would be true if the postage value of the semipostal were 39 cents.

[g] The semipostal stamps are intended for use as postage. The amount of postage is equal to the First-Class Mail single piece first-ounce letter rate. Semipostal stamps may be used for postage on any type of mail for which postage stamps are acceptable postage. If postage is more than the value of the semi postal stamp, the customer should add additional postage to cover the correct price.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

5971

RESPONSE to DBP/USPS-336 (continued):

[h] Non-denominated stamps may be used on international mail. See Postal Bulletin #21985 (11/9/98). Also, please see IMM 152.2d:

d. Nondenominated postage stamps (except for those that bear uniquely domestic markings, such as First-Class Presort, Bulk Rate, Presorted Standard, or Nonprofit Organization) may be affixed to postal items that are sent to foreign countries. The value of such stamps is linked to either a current or a former domestic rate (e.g., the "H" stamp has a postage value of \$0.33). Since the international postage rates are always higher than the comparable domestic postage rates, mailers who affix a single nondenominated postage stamp to their outbound mailpieces must add additional postage to comply with the international rate schedule. **Note:** The nondenominated *Breast Cancer Research* semipostal stamp, which has a postage value that is equivalent to the domestic rate for a 1-ounce letter, may be used for international mailing purposes.

[i] Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5972

DBP/USPS-337. Please confirm, or explain if you are unable to confirm, that in addition to the first ounce letter rate non-denominated stamps listed in response to Interrogatory DBP/USPS-332, there were other non-denominated stamps or postal stationery issued for the make-up difference requirement or for the post card rate.

RESPONSE:

Confirmed, see DMM Quick Service Guide, Section 604a.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5973

DBP/USPS-338. Please confirm, or explain if you are unable to confirm, that each of the stamps or postal stationery referred to in Interrogatories DBP/USPS-332 and DBP/USPS-337 has a fixed postage value. This does not include the three semi-postal stamps noted in Interrogatory DBP/USPS-336. The various Presort stamps that may not be utilized by a mailer on a single piece mailing other than under a pre-cancelled stamp permit need not be considered in the response.

RESPONSE:

Confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5974

DBP/USPS-339. This relates to the various non-denominated stamps or postal stationery referred to in Interrogatory DBP/USPS 338.

[a] May these stamps be utilized to pay the postage on any mailpiece at their postage value? For example, can two non-denominated Lady Liberty and Flag stamps with a postage value of 39¢ each be utilized together with 9¢ in other postage to pay the 87¢ postage presently required on a 3-ounce letter? Please explain and discuss any exceptions.

[b] Is the ability to utilize these stamps as noted in subpart a above limited to any specific service, such as First-Class Mail, or may they be used on any class of mail that may otherwise be paid for with denominated stamps? For example, can five non-denominated Lady Liberty and Flag stamps with a postage value of 39¢ each be utilized together with 12¢ in other postage to pay the \$2.07 postage presently required on a 2-pound Media Mail Single-Piece? Please explain and discuss any exceptions.

[c] May these stamps be utilized to pay the postage on mail destined to an international destination? For example, can two non-denominated Lady Liberty and Flag stamps with a postage value of 39¢ each be utilized together with 6¢ in other postage to pay the 84¢ postage presently required on a 1-ounce letter to Great Britain? Please explain and discuss any exceptions.

[d] Please explain the rationale for any negative responses.

RESPONSE:

[a] Yes.

[b] Mailers may use denominated and nondenominated stamps in the method you describe. They are acceptable to use to pay postage on a 2-pound Media Mail piece.

[c] Yes. There are no exceptions.

[d] Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5975

DBP/USPS-340.

[a] With respect to the proposed Forever Stamp, will the use of the stamp be limited to only paying the postage for the first ounce of a single-piece First-Class Mail letter rate regardless of the postage value in effect at the time of mailing?

[b] Please explain the rationale for the response to subpart a.

RESPONSE:

[a, b] No. As indicated in the proposed new DMCS Section 241, the Forever Stamp is intended for single-piece First-Class Mail letters weighing up to an ounce. However, mailers will no doubt, in some instances, use the stamp in other postal applications. The Postal Service wishes to avoid punishing these mailers by not giving them credit for the stamp they have affixed (and cannot remove and reaffix to a one-ounce letter). Therefore the Postal Service is considering giving postage credit for such applications, though not at the "forever value" (*i.e.*, the contemporaneous first-ounce rate for single-piece First-Class Mail letters), but rather at the original purchase price of the stamp.

as to the Forever Stamp and at a time when the rate is 45¢. The other rates for the

the postage on any mailpiece at their time when two Forever Stamps be utilized for the 95¢ postage required on a 3-ounce mailpiece. Exceptions.

as noted in subpart a above limited to any class of stamps, or may they be used on any class of stamps? For example, can they be used with 25¢ in other postage to pay the rate for a First-Class Mail Single-Piece? Please explain.

the postage on mail destined to an address when two Forever Stamps be utilized for the 95¢ postage required on a 1-ounce mailpiece. Discuss any exceptions. Negative responses.

the purchased at less than 45 cents, the

Stamp is intended as 1st ounce postage

mailpiece. However, the Postal Service

allows, a mailer may affix a Forever Stamp to

mailpieces of different weights or different shapes, or to retail

mail. In those instances, the value of the

mailing rate for 1st ounce First-Class Mail,

the original purchase price of the Forever

Stamp is meant to be "forever postage" for all

mail. The response to DBP/USPS-340.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5977

DBP/USPS-342. If a Forever Stamp may be utilized for other than paying the postage requirement of the first ounce of a single-piece First-Class Mail letter, please explain how the proposed DMCS wording of Section 241 and 3030 will allow for this use.

RESPONSE:

Those DMCS sections do not specifically prohibit postage applications other than the first ounce of single-piece First-Class Mail letters. Please see the responses to DBP/USPS-340 and DBP/USPS-341.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5978

DBP/USPS-343.

[a]. Please confirm, or explain if you are unable to confirm, that under the proposed rates, there will be three separate first ounce rates for First-Class Mail [letters, flats, and parcels].

[b] Please discuss and explain the considerations that this may result in confusion to a potential user of the Forever Stamp and the action taken to reduce the possibility of confusion.

RESPONSE:

[a] Confirmed, for single-piece First-Class Mail.

[b] Although implementation and communication plans have not yet been formulated, the Postal Service will publicize the Forever Stamp as applying specifically to single-piece First-Class Mail letters weighing up to an ounce.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5979

DBP/USPS-344. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp proposal be approved, the proposed new DMCS Section 241 and the proposed modification of Section 3030 would become effective at the same time as the first ounce, single-piece letter rate for First-Class Mail would be increased to 42¢ [assuming it is approved].

RESPONSE:

Confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5980

DBP/USPS-345.

- [a] Please advise why it is proposed to issue the Forever Stamp a short time before the rates are increased.
- [b] Please confirm, or explain if you are unable to confirm, that the price for these stamps sold prior to the effective date would still be 42¢ [assuming that rate is approved].
- [c] Please advise the authority to sell these stamps when the DMCS does not authorize their use.
- [d] Please advise why you believe that the sale of these stamps at the new rate prior to the rate change would be in compliance with the provisions of 18 USC 1721.
- [e] Please confirm, or explain if you are unable to confirm, that the great majority of the use of the Forever Stamp during the period between the time the stamp is sold up to the time that the new rates become effective would be to overpay the postage on a one ounce single-piece First-Class Mail letter.
- [f] Please explain why you believe that the scenario described in subpart e above would be fair and appropriate.
- [g] Please explain what postal or customer need will be served by selling 42¢ stamps at a time when the postage rate is 39¢.
- [h] Please describe the publicity that will be provided to advise mailers that the use of the Forever Stamp prior to the rate change will result in overpayment of postage.

RESPONSE:

- [a] This would permit dispensing with the traditional need for a non-denominated First-Class Mail stamp, issued at the impending new rate just prior to the rate change (e.g., the Lady Liberty and U.S. Flag stamp, valued at 39 cents, issued on December 8, 2005, one month before the first-ounce, single-piece rate was hiked from 37 to 39 cents).
- [b] Confirmed.
- [c-d] These questions call for the statement of legal conclusions, not statements of fact or policy. The Postal Service's powers under the Postal Reorganization Act [title 39, United States Code] authorize the sale of stamps as postage.
- [e] Confirmed, though no differently than has been the case for non-denominated stamps issued shortly before rate changes (see the response to subpart [a]).

ne to purchase stamps with a
new rate.

. The Postal Service also benefits
pread out rather than concentrated

the Forever Stamp have not yet

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5982

DBP/USPS-346.

[a] Please discuss whether you believe that the potential for confusion that will exist with mailers about the availability and use of the Forever Stamp will be more than, less than, or about the same as the potential for confusion that has existed in past rate cases with respect to the availability and use of the non-denominated stamps.

[b] Please discuss whether you believe that the amount of publicity that will be required to avoid the potential for confusion that will exist with mailers about the availability and use of the Forever Stamp will be more than, less than, or about the same as the amount of publicity that was required in past rate cases with respect to the availability and use of the non-denominated stamps.

[c] Please provide the rationale for the responses to subparts a and b.

RESPONSE:

- [a] In the beginning, there may be slightly more confusion than in the past because the Forever Stamp is a new concept with which mailers will need to become familiar. In the long run — e.g., after one or two rate cycles — there is likely to be less confusion than in the past because the Forever Stamp will be an enduring product with fixed, and known, qualities and attributes. Product permanency and consistency are conducive to minimizing confusion.
- [b] In the beginning, perhaps more than, because new products like the Forever Stamp typically require accompanying publicity. Eventually, less than, for the reason cited in subpart [a].
- [c] Please see the responses to subparts [a] and [b].

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5983

DBP/USPS-347. Please advise whether the Postal Service is planning to issue a "standard" non-denominated stamp or stamps for the one ounce letter rate for the rate ultimately adopted in Docket R2006-1.

[b] Please advise whether the Postal Service is planning to issue a make-up nondenominated stamp for the one ounce letter rate for the rate ultimately adopted in Docket R2006-1.

[c] Please provide the rationale for the decisions provided in response to subparts a and b.

RESPONSE:

No. Please see the response to DBP/USPS-345[a].

[b] It depends on the inventory of the make-up stamp denomination/postage value. Sufficient stamp inventory may already exist, in which case this would not be necessary.

[c] In the first instance, the stamp would be redundant to the Forever Stamp. In the second instance, mailers will need to make up the difference from 39-cent stamps that they still hold, but inventory must factor into the way in which the Postal Service will meet this need.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5984

DBP/USPS-348. Please confirm, or explain if you are unable to confirm, that once the rates proposed for Docket R2006-1 become effective there will be no financial reason for a customer who needs a stamp for the first ounce, single-piece First-Class Mail letter rate not to purchase a Forever Stamp as opposed to purchasing a denominated stamp or a nondenominated stamp [if issued].

RESPONSE:

Confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5985

DBP/USPS-349. Please confirm, or explain if you are unable to confirm, that once the rates proposed for Docket R2006-1 become effective some of the non-financial reasons that a customer who needs a stamp for the first ounce, single-piece First-Class Mail letter rate will choose to purchase a denominated or non-denominated stamp are:

[1] the desire to utilize a semi-postal stamp

[2] the desire to utilize a stamp with a particular design or topic

[3] the unavailability of a desired format, such as a coil stamp, in the Forever Stamp.

Please provide any other non-financial reasons that may exist.

RESPONSE:

Confirmed, for [1], [2] and [3]. Another non-financial reason would be lack of knowledge about the Forever Stamp.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5986

DBP/USPS-350.

[a] Please confirm, or explain if you are unable to confirm, that many individual customers and small business customers will purchase the first ounce letter rate in the coil format, particularly the coil of 100 stamps.

[b] Please advise why the Postal Service has chosen not to issue the Forever Stamp in coils of 100.

RESPONSE:

[a] Confirmed, some customers purchase stamps in coils of 100.

[b] Please see USPS-T-48, at 6, lines 11 - 15; and from page 15, line 15 to page 16, line 2.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5987

DBP/USPS-351. Please confirm, or explain if you are unable to confirm, that once the Forever Stamp is implemented that as time goes by, more and more mailers will become aware of the stamp and its use will increase.

RESPONSE:

Confirmed, that is likely to be the case.

are unable to confirm, that for
Mail single-piece letter rates,
"workhorse" of the many non-
are available for that rate

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5989

DBP/USPS-353. Please advise if you expect the Forever Stamp to become the "workhorse" stamp for the first ounce letter rate. Please provide the rationale for your response.

RESPONSE:

Since there is no financial reason to use an alternative stamp, the Forever Stamp could very well become the "workhorse" stamp for the first-ounce, single-piece First-Class Mail letter rate.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5990

DBP/USPS-354. During the discussions for the introduction of the Forever Stamp, one of the considerations was to charge a premium over the postage value for the stamp. Ultimately it was decided not to charge a premium. Please advise the advantages and disadvantages of charging or not charging a premium and the various amounts considered and the ultimate reasons for adopting the final decision of not charging a premium.

RESPONSE:

The Postal Service was encouraged by the experiences of Royal Mail and La Poste. Neither post reported adverse financial impacts from their versions of the Forever Stamp, despite not charging a premium. In the market research (USPS-LR-L-152), hypothetical premiums of 1 cent, 3 cents and 6 cents were tested. Significant mailer price sensitivity was found (see USPS-T-48, at 14 and 15). This also supported the Postal Service's decision not to charge a premium. Potential financial consequences of not charging a premium are discussed in USPS-T-48, Section VII, Financial Effects.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5991

DBP/USPS-355. During the discussions for the introduction of the Forever Stamp, one of the considerations was to limit the time when the stamp was available for sale. Please advise the sale times that were considered. Until it was decided to make the stamp available for sale at all times. Please state the advantages and disadvantages of limiting or not limiting the sale times. What were the ultimate reasons for adopting the final decision of not limiting the sale times?

RESPONSE:

In the market research (USPS-LR-L-152), alternatively limiting sales to two months preceding a rate change, and no purchase time restrictions, were considered. Making the stamp always available will smooth out production, distribution, and sales. The Postal Service was also motivated to keep the stamp for sale at all times by the results of USPS-LR-L-152, Insight #15, which showed a certain degree of mailer aversion to purchase restrictions (e.g., mailers are more likely to pay a one-cent premium than to have sales restricted to the two months leading up to a rate change).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5992

DBP/USPS-356. During the discussions for the introduction of the Forever Stamp, one of the considerations was to limit the quantity of stamps that could be purchased at one time. Please advise the quantities that were considered. Ultimately it was decided not to limit the quantities that could be purchased. Please advise the advantages and disadvantages of limiting or not limiting the purchase quantity and the ultimate reasons for adopting the final decision of not limiting the purchase quantity.

RESPONSE:

In the market research (USPS-LR-L-152), alternatively limiting sales to 20 stamps or fewer per transaction, and no purchase quantity restrictions, were tested. Allowing the stamp to be sold in unlimited quantities will cut down on costly (at least at the retail window) stamp transactions. The Postal Service was also motivated to allow unlimited purchase quantities by the results of USPS-LR-L-152, Insight #15, which showed a certain degree of mailer aversion to purchase restrictions (e.g., mailers are more willing to pay a one-cent premium than to have sales limited to 20 stamps or fewer).

The Forever Stamp will be a self adhesive
for your response.

Because self-adhesive stamps are a more cost-
effective stamps.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5994

DBP/USPS-358.

- [a] Please provide the reasons why the Postal Service abandoned the use of letters to identify the non-denominated stamps utilized at rate case implementations after going from A through H.
- [b] Please confirm, or explain if you are unable to confirm, that the use of letters in alphabetical order corresponding to rate increases in order provides a convenient method to evaluate the value of a particular stamp in the series particularly over the long period of time.
- [c] Please confirm, or explain if you are unable to confirm, that the present system of having one or more non-denominated stamps will present a much harder way to remember the values associated with which stamps particularly over the long period of time due to the need to describe a given stamp design and the lack of an orderly progression of designs with respect to values.
- [d] Are there any plans to return to the lettered system of non-denominated stamps [assuming they will still exist and not be replaced by the Forever Stamp]?
- [e] If not, please explain the reasons.

RESPONSE:

- [a] More attractive transition stamps were designed.
- [b] Confirmed.
- [c] Unable to confirm. The Postal Service does not know what might be considered "much harder."
- [d] There are currently no such plans.
- [e] N/A

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5995

DBP/USPS-359.

[a] Please confirm, or explain if you are unable to confirm, that there are numerous organizations, such as supermarkets, that sell stamps at face value to the public that are received on consignment.

[b] Please describe any procedures that will be implemented to preclude arbitrage gains by the organization.

RESPONSE:

[a] Confirmed. Consignment vendors are prohibited from selling stamps above face value; however, they may sell them at less than face value. There are no similar restrictions on non-consignment vendors.

[b] As with other stamps purchased from the Postal Service on a non-consignment basis, the sales price charged by third-party vendors is not regulated by the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5996

DBP/USPS-360. Please refer to footnote 14 on page 22 of Witness Taufique's July 14, 2006, Testimony.

[a] Please advise what percentage of the roughly 40 billion pieces of single-piece First-Class Mail pieces in a year have the postage paid for by means of adhesive postage stamps.

[b] Please advise how the conversion was made from 40 billion pieces per year and about 330 million pieces a month.

[c] Please advise how the conversion was made from 3¢ per piece and 330 million pieces a month to a total of \$100 million a month.

[d] Please advise the approximate potential revenue that will be subject to loss by utilization of the Forever Stamp.

RESPONSE:

[a] Approximately 55 percent of single-piece volume in FY 2005 had postage paid with stamps.

[b] The 330 million was in error. Correct monthly volume is 3.3 billion (40 billion ÷ 12).

[c] 3 cents x 3.3 billion (corrected) = \$99 million (approx. \$100 million).

[d] The example cited in footnote 14 was \$100 million (per rate case).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5997

DBP/USPS-361. Please refer to page 23 of Witness Taufique's July 14, 2006, Testimony as it relates to a potential of some concern with respect to the philatelic program.

[a] Please list and describe the specific concerns that may exist that could affect the philatelic program.

[b] Please explain why there is a greater concern with respect to the program because of the Forever Stamp as opposed to any of the many non-denominated stamps that have been issued over the past years?

[c] What actions and modifications to both the Forever Stamp program and the philatelic program are either being made or considered to reduce the effects. Please explain why you believe that the specific action or modification will have the desired effect.

RESPONSE:

[a] None has yet been determined. This depends on how the public accepts the Forever Stamp.

[b] The Forever Stamp is likely to be used more extensively than previous non-denominated stamps.

[c] The Postal Service has not yet formulated plans for any such potential actions and/or modifications.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5998

DBP/USPS 362. Are there any plans to issue a commemorative stamp in a Forever Stamp version? Please explain the rationale for your response.

RESPONSE:

No such plans have yet been formulated, one way or the other.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

5999

DBP/USPS-363.

- [a] Please confirm, or explain if you are unable to confirm, that the introduction of the Forever Stamp will have an effect on the reduction of window service hours.
[b] Please provide a best estimate of the dollar savings.

RESPONSE:

- [a] Confirmed that the Forever Stamp has the potential to reduce the number of window transactions. Please see USPS-T-48, at 21, lines 2 - 4, including footnote 13.
[b] Please see the footnote cited in subpart [a].

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

6000

DBP/USPS-364. Please describe how the Forever Stamp concept will be handled in future years down the road should there be a change in the rate structure for First-Class Mail. For example, what would have happened in R2006-1 due to the introduction of three separate first ounce rates for First-Class Mail had the Forever Stamp been introduced in a previous Docket. In this instance, a Forever Stamp that I bought in 2005 would have been good for the first ounce of a letter, flat, or parcel and now when R2006-1 is implemented it would not be valid for the first ounce of a flat or parcel.

RESPONSE:

The Postal Service will make its best effort to accord the Forever Stamp its due consideration, just as it does for relevant rate categories and classifications whenever a change to the rate structure is proposed.

It is impossible to know "what would have happened" in circumstances that did not materialize.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6001

DBP/USPS-365. What is the significance of the word "Topic" that is part of the words "Market Research Briefing - Topic" appearing on the lower left corner of the initial pages 1 through 11 of USPS LR-L-152?

RESPONSE

There is none.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6002

DBP/USPS-366.

[a] Assume that the rates and changes proposed in this Docket have been implemented, may the mailer of a one ounce First-Class Mail flat utilize a Forever Stamp and a regular 20¢ stamp to fully pay the postage?

[b] If not, why not?

RESPONSE

[a] Yes, because in this case the purchase price of the Forever Stamp will be equal to the "forever value" (both 42¢). Please see the responses to DBP/USPS-340 and DBP/USPS-341.

[b] Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6003

DBP/USPS-367. Assume that the rates and changes proposed in this Docket have been implemented and further assume that a mailer deposits two, one ounce First-Class Mail articles that require postage at the flat rate of postage [62¢] either because the piece exceeds the dimensions for a letter or the mailpiece has one of the non-machinable characteristics. One of the articles has the postage paid with a Forever Stamp and the second article has the postage paid with a regular, denominated 42¢ stamp.

- [a] Will both articles be treated in the same manner with respect to either being returned for additional postage and/or collection of postage due upon delivery?
- [b] Please advise what action will be taken on these two mailpieces.
- [c] Please provide the rationale for your responses to subparts a and b.

RESPONSE

- [a] Yes; please see the response to DBP/USPS-366.
- [b] Please see the response to DBP/USPS-316
- [c] Please see the responses to DBP/USPS-366 and DBP/USPS-316, respectively.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6004

DBP/USPS-368.

- [a] Assume that the rates and changes proposed in this Docket have been implemented, may the mailer of a one ounce First-Class Mail parcel utilize a Forever Stamp and regular stamps totaling 58¢ to fully pay the postage?
- [b] May the mailer utilize two Forever Stamps and 16¢ in regular postage to fully pay the postage?
- [c] If not, why not?

RESPONSE

- [a] Yes, because in this case the purchase price of the Forever Stamp will be equal to the "forever value" (both 42¢). Please see the responses to DBP/USPS-340 and DBP/USPS-341.
- [b] Yes, because in this case the purchase price of two Forever Stamps will be equal to twice the "forever value" (both 84¢). Please see the responses to DBP/USPS-340 and DBP/USPS-341.
- [c] Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6005

DBP/USPS-369. If the response to subpart a of any or all of Interrogatories DBP/USPS-366 through DBP/USPS-368 and/or subpart b of Interrogatory DBP/USPS-368 is no, please confirm, or explain if you are unable to confirm, that this will introduce a added level of confusion with respect to the utilization of the Forever Stamp.

RESPONSE

| Not applicable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-372. Please refer to your response to Interrogatory DBP/USPS-142 subpart d. Please advise the conditions under which the Postal Service has or will in the future allow for comments by the mailing public prior to implementing changes to the Domestic Mail Manual.

RESPONSE:

It is not possible for the Postal Service to provide such general advice. Every situation depends on its own facts.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-374 Please refer to your response to Interrogatory DBP/USPS-145. I am unable to evaluate the DMM Sections with respect to determining an answer to Number 3 of the original interrogatory, namely, " 3. The need to purchase a replacement article of merchandise for availability at a specific event."

[a] For example, if I ship a camera to my brother [for use at a Saturday night wedding] on Friday by Express Mail with a guaranteed delivery of noon on Saturday and it does not arrive in time for the wedding, specifically, what compensation will be paid in addition to the refund of the original postage?

[b] Will payment be made for the purchase or rental of a replacement camera?

[c] Please provide the rationale for your response.

RESPONSE:

a. None

b. No

c. See DMM 609.4.3f and 609.4.2a2.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-375 Please refer to your response to Interrogatory DBP/USPS-147.

[a] Please confirm, or explain if you are unable to confirm, that the service standards for Package Services extend up to a maximum of 9 days.

[b] Based on the response to subpart a, please explain why the Postal Service does not track data for Package Services for Day 9.

RESPONSE:

(a) Confirmed.

(b) The pieces delivered are tracked for Day 8, Day 9, and Day 10, as the chart in the response to DBP/USPS-89(c) shows. The "Days to Deliver" report, which produces the data broken down as you requested, does not generate disaggregated percentages for Days 8, 9, 10.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-376 Please refer to your response to Interrogatory DBP/USPS-149 subpart a. [a] Please confirm, or explain if you are unable to confirm, that the only guidelines that are provided to the postal acceptance clerks is the appropriate section of the Domestic Mail Manual. [b] Please confirm, or explain if you are unable to confirm, that by not having guidelines it can lead to uneven application of the requirements.

RESPONSE

- (a) Not confirmed. Clerks also have available the attached guide and the Notice 3A referenced in response to DBP/USPS-11.

- (b) The Postal Service agrees that a complete absence of guidelines can lead to uneven application of requirements.



Nonmachinable Surcharge For First-Class Mail and Standard Mail

Updated June 2005

First-Class Mail

The nonmachinable surcharge applies to:

- First-Class Mail® single-piece and Presorted rate letters 1 ounce or less that meet one or more of the criteria in DMM 201.2.1 (see criteria below).
- First-Class Mail single-piece, Presorted, automation rate flats, and parcels that weigh 1 ounce or less if any one of the following applies:
 - a. The piece is greater than 1/4 inch thick.
 - b. The length is more than 11-1/2 inches or the height is more than 6-1/8 inches.
 - c. The aspect ratio (length divided by height) is less than 1.3 or more than 2.5).
- The nonmachinable surcharge also applies to letter-size pieces that weigh 1 ounce or less for which the mailer has chosen the MANUAL ONLY (do not automate) option. For card-rate pieces and pieces weighing over 1 ounce, a mailer can specify manual handling but will not be assessed the nonmachinable surcharge.

The nonmachinable surcharge does not apply to:

- First-Class Mail card-rate pieces.
- First-Class Mail weighing over 1 ounce.
- First-Class Mail automation-rate letters.

Nonmachinable Criteria

A letter-size piece is nonmachinable if it has one or more of the following characteristics (see DMM 601.1.4 to determine the length, height, top, and bottom of a mailpiece):

- a. Has an aspect ratio (length divided by height) of less than 1.3 or more than 2.5.
- b. Is polybagged, polywrapped, or enclosed in any plastic material.
- c. Has clasps, strings, buttons, or similar closure devices.
- d. Contains items such as pens, pencils, or loose keys or coins that cause the thickness of the mailpiece to be uneven (see DMM 601.11.18).
- e. Is too rigid (does not bend easily when subjected to a transport belt tension of 40 pounds around an 11-inch diameter turn).
- f. For pieces more than 4-1/4 inches high or 6 inches long, the thickness is less than 0.009 inch.
- g. Has a delivery address parallel to the shorter dimension of the mailpiece.
- h. Self-mailers with a folded edge perpendicular to the address if the piece is not folded and secured according to DMM 201.3.13.2.
- i. Booklet-type pieces with the bound edge (spine) along the shorter dimension of the piece or at the top, regardless of the use of tabs, wafer seals, or other fasteners.

Standard Mail

The nonmachinable surcharge applies to:

- Standard Mail® Presorted rate letter-size pieces (including cards) that weigh 3.3 ounces or less and meet one or more of the criteria in DMM 201.2.1 (see criteria listed below).
- The nonmachinable surcharge also applies to letter-size pieces that weigh 3.3 ounces or less for which the mailer has chosen the MANUAL ONLY (do not automate) option.

The nonmachinable surcharge does not apply to:

- Standard Mail nonletters (flats and parcels). The Standard Mail rate structure includes separate rates for letters and nonletters that factors in the extra cost of handling nonmachinable letters.
- Standard Mail pieces mailed at any ECR rate or automation rate.
- Standard Mail pieces weighing over 3.3 ounces.
- Customized MarketMail®

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-377 Please refer to your response to Interrogatory DBP/USPS-149 subpart d.

[a] Please confirm, or explain if you are unable to confirm, that the Postal Service does not apply a literal interpretation of charging the nonmachinable surcharge just because the mailpiece is uneven such as may be caused by affixing a label to the envelope or by having an enclosure that does not occupy the full shape of the envelope but will apply the surcharge if the mailpiece is uneven when caused by items such as pens, pencils, or loose keys or coins.

[b] How is a mailer aware of this policy?

RESPONSE

- (a) The Postal Service can never be sure what you might perceive to be a "literal" interpretation of its regulations. Accordingly, the Postal Service will refrain from engaging in debates about whether one or more interpretations you put forth is "literal." The DMM nonmachinable surcharge regulations do not contain any "just because" language in reference to mailing labels. Nor is there a requirement that an enclosure occupy exactly 100.0000000 percent of an envelope.
- (b) By reading the Domestic Mail Manual and/or conferring with ever helpful and informative postal window service personnel.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-378 Please refer to your response to Interrogatory DBP/USPS-149 subparts e and f. Assume that a mailpiece is a standard 6- by 9-inch kraft envelope with a metal clasp. Does the nonmachinable surcharge apply to this mailpiece because of the unevenness caused by the thickness of the physical clasp and/or the ability of the clasp to catch on something else and/or the rigidity caused by the metal clasp and/or another reason [please provide]?

RESPONSE

Yes.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-380. Please refer to your response to Interrogatory DBP/USPS-161 subpart d.

[a] Please confirm, or explain if you are unable to confirm, that when it is Monday in Guam it will be Sunday on the 48-states side of the International Dateline.

[b] Please confirm, or explain if you are unable to confirm, that if the Express Mail article mailed in Guam on Monday prior to the cut-off time and destined to an area on the 48-states side of the International Dateline was delivered as expeditiously as possible, namely, it was delivered on the next "physical" day, the local date at the point of delivery would be Monday.

[c] Please reevaluate the response to the original subpart d.

RESPONSE:

(a) – (c) An adjustment is made to the service commitment for westbound Express Mail pieces to account for the International Dateline, as noted in the response to DBP/USPS-161(c), but not to eastbound Express Mail pieces, as noted in the response to DBP/USPS-161(d). A backwards adjustment is not made because the transportation from Guam does not support such an adjustment.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-382. Please refer to your response to Interrogatory DBP/USPS-166 subpart b.

[a] Please confirm, or explain if you are unable to confirm, that if an office had a 7 AM cutoff time and the window didn't open until 8 AM, a mailer could not achieve the same level of service for an Express Mail article that would be available if the retail window service started at 6 AM and the mailpiece was deposited between 6 AM and 7 AM.

[b] Please reanswer the original Interrogatory and provide the rationale for your response.

RESPONSE:

(a) Confirmed that the service commitment is different for Express Mail pieces accepted before and after a particular cut-off time.

(c) The original interrogatory, which asked about the "deposit" of Express Mail, was answered; thus, there is no need to "reanswer" it.

RESPONSE OF UNITED STATES POSTAL SERVICE
INTERROGATORY OF DAVID POPKIN

DBP/USPS
advise the

to your response to Interrogatory DBP/USPS-174. Please
ad, and 5th mailpieces listed on page 1.

RESPON

12, 8, 8, a

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-399. Please refer to your response to Interrogatory DBP/USPS-200 subparts g and h.

[a] Please confirm, or explain if you are unable to confirm, that the DW will be the same whether the tire [or other similar shape] is filled in or is open such as noted in the original response.

[b] Please confirm, or explain if you are unable to confirm, that the DW of a tire-shaped parcel with a diameter of 90 inches and a circumference of the cross section equal to 12 inches [the parcel would be mailable since the length plus girth would be 102 inches or less than the 108 inch limit] would be 132 pounds $[90 \times 90 \times 4 [12 \text{ divided by } \pi \text{ and then rounded off}] \times 0.785 \text{ divided by } 194]$.

[c] What rate would the parcel described in subpart b have if it was destined to the 8th zone? Please describe how the rate was determined.

[d] Please indicate how rates will be determined for parcels that have a DW of greater than 70 pounds.

RESPONSE:

[a] Confirmed.

[b] Confirmed.

[c] A parcel is unmailable as Priority Mail not only if it exceeds 108 inches in combined length and girth, but also if it weighs more than 70 pounds (DMM Section 101.3.1). If the referenced parcel is a tire, it seems improbable — with a diameter as long as Manute Bol is tall (7' 6") — that it would not weigh more than 70 pounds. However, if the parcel is not a tire but only "tire-shaped," and is composed of much lower-density material than the hard rubber typically found in tires, then please see the response to subpart [d] below.

[d] In rare cases an irregularly shaped parcel (such as a tire-shaped parcel) may (a) weigh less than or equal to 70 pounds, and (b) measure less than or equal to 108 inches in combined length and girth, yet exceed 70 pounds in dim weight. There are, of course, no Priority Mail rates beyond 70 pounds.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

RESPONSE TO DBP/USPS - 399 (continued)

Accordingly, the Postal Service will consider instituting a rule to charge the maximum rate — 70 pounds — if a parcel's dim weight exceeds 70 pounds and the parcel otherwise meets mailability criteria [e.g., (a) and (b) above].

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-400. Please refer to your response to Interrogatory DBP/USPS-200 subpart i.

[a] Please confirm, or explain if you are unable to confirm, that the DW will be the same whether the tree [or other similar shape] is sent in a container with a uniform circular section with a circumference equal to the maximum of the root area of 30 inches or is open such as noted in the original response.

[b] Please confirm, or explain if you are unable to confirm, that the shipment of a conical shaped parcel would be the extreme of this condition.

[c] Please confirm or explain if you are unable to confirm, that a conical shaped parcel with a height of 40 inches and the circumference at the base of 63 inches and a circumference at the top of the cone would effectively be 0 inches would have a DW of 65 pounds.

[d] Please confirm, or explain if you are unable to confirm, that if the tree or conical shaped parcel was shipped in an open manner that other parcels could possibly extend into the open volume.

[e] Please confirm, or explain if you are unable to confirm, that irregular parcels could have a large increase in the required postage due to the imposition of the DW proposal. For example, compare the rates for a light-weight tire shaped parcel with a length plus girth of less than 84 inches. A parcel with a diameter of 71 inches and a circumference of the cross section of 12 inches and an actual weight of 3 pounds [and chargeable at this rate under the current rates since it is less than 84 inches length plus girth] would have a DW of 82 pounds.

RESPONSE:

[a] Confirmed.

[b] Unable to confirm. It is unclear what "condition" is being postulated.

[c] Confirmed.

[d] Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

RESPONSE TO DBP/USPS-400 (continued)

[e] Unable to confirm the DW calculation of 82 pounds, but otherwise confirmed. Priority Mail dim-weighting will lead to some large postage increases, as acknowledged at USPS-T-33, page 28, line 15 (median = +72 percent). These large increases will apply to regularly shaped parcels and irregularly shaped parcels alike. If not for the proposed irregularly shaped parcel adjustment factor (0.785), the increases for irregularly shaped parcels would have been even greater.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-401. Please refer to your response to Interrogatory DBP/USPS-200. For each of the examples of DW that was calculated for the sample parcels in subparts a through i, please provide the calculation that would be made to show the volume of the parcel so as to determine if it exceeded the 1 cubic foot and therefore would have the DW procedure applied to it.

RESPONSE:

[a] $(15" \times 10" \times 10") \div 1,728 \text{ in}^3/\text{ft}^3 = 0.87 \text{ ft}^3$.

[b] $(15 \times 10 \times 9)/1,728 = 0.78 \text{ ft}^3$.

[c] $[(15 \times 10 \times 10) \times 0.785]/1,728 = 0.68 \text{ ft}^3$.

[d] $[(30 \times 5 \times 5) \times 0.785]/1,728 = 0.34 \text{ ft}^3$.

[e] $[(30 \times 10 \times 9) \times 0.785]/1,728 = 1.23 \text{ ft}^3$.

[f] $[(30 \times 5 \times 10) \times 0.785]/1,728 = 0.68 \text{ ft}^3$.

[g] $[(30 \times 6 \times 30) \times 0.785]/1,728 = 2.45 \text{ ft}^3$.

[h] Same as subpart [g].

[i] $[(48 \times 10 \times 10) \times 0.785]/1,728 = 2.18 \text{ ft}^3$.

[j] $(15 \times 8 \times 15)/1,728 = 1.04 \text{ ft}^3$.

[k] Same as subpart [j].

[l] $[(15 \times 10 \times 10) \times 0.785]/1,728 = 0.68 \text{ ft}^3$.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-402. Please refer to your response to Interrogatory DBP/USPS-201.

[a] The original request asked for data broken out in one ounce increments [0 to 1 ounce, 1 to 2 ounces, 2 to 3 ounces,, 12 to 13 ounces] for weights up to 13 ounces. Please provide a revised chart showing the requested data.

[b] Please advise the weight of an empty flat rate envelope and if it is over one ounce, please explain how there could be any data in the 0 to 1 ounce category.

[c] Given that a ream of paper weighs over 5 pounds and that much paper would likely not all fit into a flat rate envelope, please discuss why the data for 6 pounds and above [some 1+ percent of the total] is reliable.

RESPONSE:

[a] By ounce increment, from 1 to 16 ounces (FY 2005):

1	562,668
2	12,671,214
3	10,787,634
4	7,698,410
5	6,075,401
6	5,862,635
7	4,584,658
8	4,001,984
9	3,580,551
10	3,240,122
11	2,995,226
12	2,781,804
13	2,636,702
14	2,558,843
15	2,935,504
16	2,885,750

[b] The weight of a Priority Mail flat-rate envelope, unfilled, is approximately 1.3 or 1.4 ounces. The data in subpart [a] above are based on ODIS-RPW probability-based sampling which is subject to statistical variation. As such, they are point estimates that may be more or less than the actual values, with a certain degree of probability. In addition, the 562,668 Priority Mail flat-rate

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

RESPONSE TO DBP/USPS-402 (continued)

envelopes weighing an ounce or less (representing only 0.5 percent of all flat-rate-envelope volume in FY 2005) derive from only one or two record entries per postal quarter. Such records are not immune to data-entry or scale-calibration error, so occasional anomalous results are possible.

[c] The Priority Mail flat-rate envelope can be, and is, used for mail matter other than paper.

INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY FROM DAVID POPKIN

DBP/USPS-403. Please refer to your response to Interrogatory DBP/USPS-176. Please evaluate your response to the original Interrogatory. Both lists appear to have the same 463 3-digit ZIP Code prefixes. Both lists appear to be entitled or relate to EXFC ZIP Codes. The list in the Library Reference has 11 Areas and the attachment to DBP/USPS-55 has only 9 Areas and appears to be the updated for the Area consolidations. The referenced Richmond District is now in the Cap Metro Area rather than the form Midatlantic Area. The list attached to Interrogatory DBP/USPS-55 appears to be the later list although the following Districts appear to be in the wrong Area: Greater South Carolina, Greensboro, Mid-Carolinas, Arizona, and Nevada-Sierra.
Please respond to the original Interrogatory.

RESPONSE:

A list of non-EXFC three digit ZIP Codes by Performance Cluster is attached.

Performance Cluster	PC Code	ZIP
Albuquerque	ABQ	865
Albuquerque	ABQ	872
Albuquerque	ABQ	873
Albuquerque	ABQ	874
Albuquerque	ABQ	875
Albuquerque	ABQ	877
Albuquerque	ABQ	878
Albuquerque	ABQ	879
Albuquerque	ABQ	880
Albuquerque	ABQ	881
Albuquerque	ABQ	882
Albuquerque	ABQ	883
Albuquerque	ABQ	884
Alabama	ALA	354
Alabama	ALA	355
Alabama	ALA	356
Alabama	ALA	357
Alabama	ALA	359
Alabama	ALA	360
Alabama	ALA	362
Alabama	ALA	363
Alabama	ALA	364
Alabama	ALA	365
Alabama	ALA	367
Alabama	ALA	368
Albany	ALB	129
Albany	ALB	133
Albany	ALB	134
Albany	ALB	136
Albany	ALB	137
Albany	ALB	138
Alaska	ANC	997
Alaska	ANC	998
Alaska	ANC	999
Appalachian	APP	241
Appalachian	APP	242
Appalachian	APP	243
Appalachian	APP	245
Appalachian	APP	246
Appalachian	APP	247
Appalachian	APP	248
Appalachian	APP	249
Appalachian	APP	254
Appalachian	APP	255
Appalachian	APP	256
Appalachian	APP	257
Appalachian	APP	258
Appalachian	APP	259
Appalachian	APP	261
Appalachian	APP	262
Appalachian	APP	266

Appalachian	APP	267
Appalachian	APP	268
Arkansas	ARK	716
Arkansas	ARK	717
Arkansas	ARK	718
Arkansas	ARK	719
Arkansas	ARK	724
Arkansas	ARK	725
Arkansas	ARK	726
Arkansas	ARK	728
Arkansas	ARK	729
Atlanta	ATL	305
Atlanta	ATL	306
Atlanta	ATL	311
Atlanta	ATL	399
Baltimore	BAL	215
Baltimore	BAL	216
Baltimore	BAL	218
Big Sky	BIL	592
Big Sky	BIL	593
Big Sky	BIL	594
Big Sky	BIL	595
Big Sky	BIL	596
Big Sky	BIL	597
Big Sky	BIL	599
Boston	BOS	022
Capital	CAP	202
Capital	CAP	203
Capital	CAP	204
Capital	CAP	205
Caribbean	CAR	006
Caribbean	CAR	007
Caribbean	CAR	008
Central Florida	CFL	347
Central Florida	CFL	349
Chicago	CHI	608
Central Illinois	CIL	609
Central Illinois	CIL	613
Central Illinois	CIL	614
Central Illinois	CIL	615
Central Illinois	CIL	619
Central Illinois	CIL	625
Central Illinois	CIL	626
Cincinnati	CIN	434
Cincinnati	CIN	435
Cincinnati	CIN	453
Cincinnati	CIN	455
Cincinnati	CIN	459
Northern Ohio	CLE	439
Northern Ohio	CLE	444
Northern Ohio	CLE	446
Northern Ohio	CLE	448

Central New Jersey	CNJ	087
Connecticut	CON	063
Connecticut	CON	065
Connecticut	CON	066
Connecticut	CON	067
Connecticut	CON	068
Columbus	COU	437
Columbus	COU	438
Columbus	COU	456
Columbus	COU	457
Central Plains	CPL	664
Central Plains	CPL	665
Central Plains	CPL	668
Central Plains	CPL	669
Central Plains	CPL	673
Central Plains	CPL	674
Central Plains	CPL	675
Central Plains	CPL	676
Central Plains	CPL	677
Central Plains	CPL	678
Central Plains	CPL	679
Central Plains	CPL	683
Central Plains	CPL	684
Central Plains	CPL	686
Central Plains	CPL	687
Central Plains	CPL	688
Central Plains	CPL	689
Central Plains	CPL	690
Central Plains	CPL	691
Central Plains	CPL	692
Central Plains	CPL	693
Dakotas	DAK	565
Dakotas	DAK	567
Dakotas	DAK	572
Dakotas	DAK	574
Dakotas	DAK	575
Dakotas	DAK	576
Dakotas	DAK	577
Dakotas	DAK	580
Dakotas	DAK	582
Dakotas	DAK	583
Dakotas	DAK	584
Dakotas	DAK	585
Dakotas	DAK	586
Dakotas	DAK	587
Dakotas	DAK	588
Dallas	DAL	753
Dallas	DAL	755
Dallas	DAL	756
Dallas	DAL	758
Dallas	DAL	759
Colorado/Wyoming	DEN	804

Colorado/Wyoming	DEN	805
Colorado/Wyoming	DEN	806
Colorado/Wyoming	DEN	807
Colorado/Wyoming	DEN	808
Colorado/Wyoming	DEN	810
Colorado/Wyoming	DEN	811
Colorado/Wyoming	DEN	812
Colorado/Wyoming	DEN	813
Colorado/Wyoming	DEN	814
Colorado/Wyoming	DEN	815
Colorado/Wyoming	DEN	816
Colorado/Wyoming	DEN	821
Colorado/Wyoming	DEN	822
Colorado/Wyoming	DEN	823
Colorado/Wyoming	DEN	824
Colorado/Wyoming	DEN	825
Colorado/Wyoming	DEN	826
Colorado/Wyoming	DEN	827
Colorado/Wyoming	DEN	828
Colorado/Wyoming	DEN	829
Colorado/Wyoming	DEN	830
Colorado/Wyoming	DEN	831
Erie	ERI	155
Erie	ERI	157
Erie	ERI	158
Erie	ERI	160
Erie	ERI	162
Erie	ERI	163
Erie	ERI	167
Erie	ERI	168
Fort Worth	FTW	739
Fort Worth	FTW	763
Fort Worth	FTW	768
Fort Worth	FTW	769
Fort Worth	FTW	790
Fort Worth	FTW	792
Fort Worth	FTW	793
Fort Worth	FTW	795
Fort Worth	FTW	796
Greater Indiana	GIN	465
Greater Indiana	GIN	467
Greater Indiana	GIN	472
Greater Indiana	GIN	474
Greater Indiana	GIN	475
Greater Michigan	GMI	487
Greater Michigan	GMI	491
Greater Michigan	GMI	496
Greater Michigan	GMI	497
Greensboro	GRE	279
Gateway	GWY	623
Gateway	GWY	624
Gateway	GWY	628

Gateway	GWY	629
Gateway	GWY	634
Gateway	GWY	635
Gateway	GWY	650
Gateway	GWY	651
Gateway	GWY	653
Central Pennsylvania	HAI	169
Central Pennsylvania	HAI	173
Central Pennsylvania	HAI	174
Central Pennsylvania	HAI	175
Central Pennsylvania	HAI	177
Central Pennsylvania	HAI	179
Central Pennsylvania	HAI	182
Central Pennsylvania	HAI	184
Central Pennsylvania	HAI	186
Central Pennsylvania	HAI	188
Central Pennsylvania	HAI	195
Hawkeye	HAW	504
Hawkeye	HAW	505
Hawkeye	HAW	506
Hawkeye	HAW	508
Hawkeye	HAW	509
Hawkeye	HAW	510
Hawkeye	HAW	512
Hawkeye	HAW	513
Hawkeye	HAW	514
Hawkeye	HAW	521
Hawkeye	HAW	522
Hawkeye	HAW	523
Hawkeye	HAW	525
Hawkeye	HAW	526
Hawkeye	HAW	527
Hawkeye	HAW	528
Harcidula	HON	969
Houston	HOU	771
Houston	HOU	775
Houston	HOU	776
Houston	HOU	777
Houston	HOU	778
Kentuckiana	KEN	403
Kentuckiana	KEN	404
Kentuckiana	KEN	407
Kentuckiana	KEN	408
Kentuckiana	KEN	409
Kentuckiana	KEN	411
Kentuckiana	KEN	412
Kentuckiana	KEN	413
Kentuckiana	KEN	414
Kentuckiana	KEN	415
Kentuckiana	KEN	416
Kentuckiana	KEN	417
Kentuckiana	KEN	418

Kentuckiana	KEN	420
Kentuckiana	KEN	421
Kentuckiana	KEN	422
Kentuckiana	KEN	423
Kentuckiana	KEN	424
Kentuckiana	KEN	425
Kentuckiana	KEN	426
Kentuckiana	KEN	427
Kentuckiana	KEN	476
Long Island	LIS	005
Los Angeles	LOA	901
Louisiana	LSA	703
Louisiana	LSA	704
Louisiana	LSA	706
Louisiana	LSA	707
Louisiana	LSA	710
Louisiana	LSA	712
Louisiana	LSA	713
Louisiana	LSA	714
Nevada-Sierra	LVG	889
Nevada-Sierra	LVG	893
Nevada-Sierra	LVG	894
Nevada-Sierra	LVG	897
Nevada-Sierra	LVG	898
Nevada-Sierra	LVG	961
Maine	MAI	039
Maine	MAI	042
Maine	MAI	046
Maine	MAI	047
Maine	MAI	049
Mid-Carolinas	MCS	284
Mid-Carolinas	MCS	285
Mid-Carolinas	MCS	287
Mid-Carolinas	MCS	289
Massachusetts	MCT	014
Massachusetts	MCT	055
Mid-America	MDA	636
Mid-America	MDA	637
Mid-America	MDA	638
Mid-America	MDA	639
Mid-America	MDA	644
Mid-America	MDA	645
Mid-America	MDA	646
Mid-America	MDA	647
Mid-America	MDA	648
Mid-America	MDA	649
Mid-America	MDA	654
Mid-America	MDA	655
Mid-America	MDA	656
Mid-America	MDA	657
Mid-America	MDA	660
Mid-America	MDA	667

Lakeland	MIL	498
Lakeland	MIL	499
Lakeland	MIL	534
Lakeland	MIL	538
Lakeland	MIL	539
Lakeland	MIL	541
Lakeland	MIL	542
Lakeland	MIL	545
Mississippi	MIS	369
Mississippi	MIS	387
Mississippi	MIS	388
Mississippi	MIS	389
Mississippi	MIS	393
Mississippi	MIS	394
Mississippi	MIS	396
Mississippi	MIS	397
North Florida	NFL	324
North Florida	NFL	344
Northern Illinois	NIL	610
Northland	NOR	547
Northland	NOR	548
Northland	NOR	555
Northland	NOR	556
Northland	NOR	557
Northland	NOR	558
Northland	NOR	560
Northland	NOR	561
Northland	NOR	562
Northland	NOR	564
Northland	NOR	566
Northern Virginia	NOV	226
Northern Virginia	NOV	227
New Hampshire/Vermont	NWH	035
New Hampshire/Vermont	NWH	036
New Hampshire/Vermont	NWH	037
New Hampshire/Vermont	NWH	051
New Hampshire/Vermont	NWH	052
New Hampshire/Vermont	NWH	053
New Hampshire/Vermont	NWH	056
New Hampshire/Vermont	NWH	057
New Hampshire/Vermont	NWH	058
New Hampshire/Vermont	NWH	059
New York	NYK	090
New York	NYK	091
New York	NYK	092
New York	NYK	093
New York	NYK	094
New York	NYK	095
New York	NYK	096
New York	NYK	097
New York	NYK	098
New York	NYK	101

New York	NYK	102
Oklahoma	OKL	734
Oklahoma	OKL	735
Oklahoma	OKL	736
Oklahoma	OKL	737
Oklahoma	OKL	738
Oklahoma	OKL	744
Oklahoma	OKL	745
Oklahoma	OKL	746
Oklahoma	OKL	747
Oklahoma	OKL	748
Oklahoma	OKL	749
Philadelphia Metro	PHL	181
Philadelphia Metro	PHL	183
Philadelphia Metro	PHL	192
Arizona	PHO	859
Arizona	PHO	860
Arizona	PHO	863
Arizona	PHO	864
Pittsburgh	PIT	260
Portland	POR	975
Portland	POR	976
Portland	POR	977
Portland	POR	978
Portland	POR	979
Southeast New England	PRO	025
Southeast New England	PRO	026
Richmond	RIC	228
Richmond	RIC	229
Richmond	RIC	236
Richmond	RIC	237
Richmond	RIC	239
Richmond	RIC	244
Sacramento	SAC	936
Sacramento	SAC	938
Sacramento	SAC	942
Sacramento	SAC	953
Sacramento	SAC	959
Sacramento	SAC	960
Salt Lake City	SAL	842
Salt Lake City	SAL	843
Salt Lake City	SAL	845
Salt Lake City	SAL	846
Salt Lake City	SAL	847
Rio Grande	SAT	733
Rio Grande	SAT	766
Rio Grande	SAT	779
Rio Grande	SAT	783
Rio Grande	SAT	785
Rio Grande	SAT	798
Rio Grande	SAT	885
San Diego	SDG	922

San Diego	SDG	923
San Diego	SDG	925
Seattle	SEA	983
Seattle	SEA	988
Seattle	SEA	989
South Florida	SFL	340
San Francisco	SFO	954
San Francisco	SFO	955
San Francisco	SFO	962
San Francisco	SFO	963
San Francisco	SFO	964
San Francisco	SFO	965
San Francisco	SFO	966
San Francisco	SFO	987
South Georgia	SGA	298
South Georgia	SGA	299
South Georgia	SGA	304
South Georgia	SGA	308
South Georgia	SGA	313
South Georgia	SGA	315
South Georgia	SGA	316
South Georgia	SGA	317
South Georgia	SGA	318
South Georgia	SGA	398
South Jersey	SOJ	199
Spokane	SPO	832
Spokane	SPO	833
Spokane	SPO	834
Spokane	SPO	836
Spokane	SPO	993
Tennessee	TEN	307
Tennessee	TEN	373
Tennessee	TEN	375
Tennessee	TEN	376
Tennessee	TEN	377
Tennessee	TEN	378
Tennessee	TEN	382
Tennessee	TEN	383
Tennessee	TEN	384
Tennessee	TEN	385
Triboro	TRI	103
Triboro	TRI	111
Van Nuys	VAN	910
Van Nuys	VAN	912
Van Nuys	VAN	932
Van Nuys	VAN	934
Van Nuys	VAN	935
Westchester	WES	004
Westchester	WES	124
Westchester	WES	126
Westchester	WES	127
Western New York	WNY	147

Western New York	WNY	148
Western New York	WNY	149

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-404. Please refer to your response to Interrogatory DBP/USPS-187 subpart a. Please confirm, or explain if you are unable to confirm, that mail must be collected from a blue collection box on or after the time posted on the box.

RESPONSE:

Confirmed.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-405. Please refer to your response to Interrogatory DBP/USPS-187 subparts b and c. Please confirm, or explain if you are unable to confirm, that in many areas of the country the Postmaster and/or his/her staff will set the time of many, most, or almost all of the blue collection boxes under their jurisdiction to the same time even though the collection will take more than 20 minutes and the later boxes will be collected more than 20 minutes after the time posted on the box. For example, a given District might mandate all of the boxes to have either a 1 PM weekday collection or to have both a 1 PM and 5 PM weekday collection and the time necessary to make the collection will exceed 20 minutes.

RESPONSE:

Unable to confirm. No nationwide survey or other data collection has been identified that collected the information on the conditions specified in this question.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-406. - Please refer to your response to Interrogatory DBP/USPS-187 subpart d. What action would be taken with respect to the tallying of the involved mail[?]

RESPONSE:

Interrogatory DBP/USPS-187(d) contains insufficient information to formulate a complete response, both because the terms used are amenable to multiple definitions and because no other information about the mail piece is proffered. However, if the thrust of the question entails mail that is entered a day before it was supposed to be entered, the previous response indicating this would be "Anomalous" accurately reflects that such data would not inform EXFC results.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-407. Please refer to your response to Interrogatory DBP/USPS-187 subpart e. You have indicated that IBM retrieves information from the CPMS database. Does the CPMS database that they utilize have all of the collection times of the day or only the last collection time of the day?

RESPONSE:

This question was already answered in the cited interrogatory response: "IBM retrieves information from the CPMS database." However, IBM only downloads collection times needed for EXFC, meaning the last collection time of the day.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-408. Please refer to your response to Interrogatory DBP/USPS-238.

[a] Does the Postal Service believe that a 37.5% level of compliance is satisfactory.

[b] Please provide the rationale for your response to subpart a

[c] Please list and discuss the plans that the Postal Service has or will have to improve the level of compliance.

RESPONSE:

[a, b] The 37.5 percent is not a compliance goal but rather a modeling assumption. The Postal Service has not set goals for Priority Mail dim-weighting in the Test Year, and — at least at the present time — has no basis for affirming what would represent a satisfactory compliance result, and what would not.

[c] No such plans have yet been made, though certainly educational campaigns will be conducted. Please see witness Scherer's response to DFC/USPS-T33-2. In addition, it is possible that Canada Post and/or Australia Post will be contacted to hopefully learn more about their (successful) compliance efforts.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
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DBP/USPS-409. Please refer to your response to Interrogatory DBP/USPS-48 subpart b. The data in the OVNITE, 2DAY, and 3DAY columns is from PQ 2 FY 2005. Please update this information to the latest available quarter.

RESPONSE:

Data in the chart is from Q2 FY2006.

CODE	TYPE	WIDTH	LENGTH	ADDR	ZIP	CODE	POST	CFM	OVNITE	2DAY	3DAY	
A	C	4.25	6	PRIN	5	NO	MTR	YES	92.58	85.60	82.84	A
B	C	4	6	HAND	5	NO	STM	NO	88.03	81.66	68.70	B
C	L	4.75	6.4375	HAND	5	NO	STM	NO	96.13	91.18	89.58	C
D	F	9	12	HAND	5	NO	STM	NO	87.71	76.62	69.77	D
E	F	9	12	PRIN	5	NO	MTR	YES	86.53	74.49	69.98	E
F	L	4.1875	9.4375	PRIN	9	NO	MTR	YES	94.75	89.69	87.33	F
G*												G
H	L	4.125	9.4375	HAND	5	NO	STM	NO	96.16	91.63	88.72	H
I	L	3.625	6.5	HAND	5	NO	STM	NO	94.08	88.98	87.99	I
J	L	4.125	9.4375	PRIN	5	NO	STM	YES	95.75	90.74	87.74	J
K	L	4.125	9.4375	PRIN	9	NO	MTR	YES	96.12	91.63	87.94	K
L	L	4.875	7.875	PRIN	9	NO	MTR	YES	94.28	88.72	85.99	L
M	L	4.125	9.4375	PRIN	9	NO	STM	YES	95.87	90.13	86.95	M
	L	4.125	9.4375	PRIN	5	NO	MTR	YES	96.83	91.45	89.12	N
	L	4.375	7.625	PRIN	9	YES	MTR	YES	95.35	90.59	87.92	O
P	L	3.875	7.5	PRIN	9	YES	MTR	YES	95.16	90.32	87.51	P
Q	L	3.625	6.4375	PRIN	9	NO	MTR	YES	94.30	88.51	85.63	Q
R	L	4.4375	9.4375	PRIN	9	NO	MTR	YES	95.86	90.67	87.87	R
S	L	3.875	8.8125	PRIN	9	YES	STM	YES	96.17	91.56	92.04	S

* G was retired from the set of EXFC mail piece types at the end of FY2005.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-410. Please refer to your response to Interrogatory DBP/USPS-53. Please clarify the meaning of "[2709" particularly with respect to the bracket.

RESPONSE:

The bracket constitutes a typographic error that can and should be ignored.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-411. Please refer to your response to Interrogatory 59 subpart b.

- [a] Please confirm, or explain if you are unable to confirm, that single-piece First-Class Mail utilized by consumers also includes small parcels weighing up to 13 ounces.
- [b] Please explain why EXFC does not measure small parcels sent by First-Class Mail.

RESPONSE:

- a. Confirmed.
- b. See the responses to OCA/USPS-3 and 63.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-412. Please refer to your response to Interrogatory DBP/USPS-83.

- [a] Please explain why you believe the volume of mail that is not received is so high.
- [b] Please list and explain what you believe happened to the pieces that were not reported as being received.
- [c] Please discuss what you believe the effect is on the overall EXFC reports due to the volume of unreported mailpieces.

RESPONSE:

- a. The volume of mail not received is unknown as are any reasons for the consequent absence of belief. The response to DBP/USPS-83 indicates that 3.6 percent of EXFC mail pieces reported as mailed are not *reported* as received.
- b. No detailed or other study of the mail pieces that were not reported as received has been conducted. However, simple reporter nonresponse is thought to be the primary reason. Some reporters may not report every piece of mail while reporter turnover or temporary unavailability could also contribute.
- c. The overall impact on EXFC reports is negligible given the understanding that the cause is reporter nonresponse and that the proportion of nonresponse is so small. Statistical estimation best practices do not call for nonresponse adjustments or bias analyses when the response rate exceeds 95 percent.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-415 Please refer to your response to Interrogatory DBP/USPS-214. Please describe in detail the method by which a mailer, utilizing just a scale and a ruler, will be able to determine the thickness of a mailpiece which does not have a uniform thickness throughout the entire area of the mailpiece and also which has a thickness which depends on the extent to which the thickness may be compressed or which expands after compression is released. If the determination of the thickness of the mailpiece will require any additional equipment besides the scale and ruler, so indicate.

RESPONSE

Scales are used to measure the weight of mail pieces, not thickness.

Using their innate abilities, customers utilizing a ruler to measure the thickness of a mail piece need only take care to measure the piece at what appears to be its thickest point. Measurement should be made without compressing a mail piece in order to avoid the variation that can result from such compression. Should they have any questions or doubts, they can always seek the assistance of a postal service window clerk.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-419 Please refer to your response to Interrogatory DBP/USPS-217. Since you have indicated that revising the DMM is an ongoing process, please advise the present status and provide copies of any existing documentation.

RESPONSE:

The Postal Service is just beginning the process of examining how to implement the changes necessary to effectuate its plans reflected in revised footnote 2 of USPS-T-38.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-420 Please refer to your response to Interrogatory DBP/USPS-218. Please confirm, or explain if you are unable to confirm, that under the present regulations, any single-piece mailing may have the postage partially paid by any combination of a postage meter stamp and any other means, including, but not limited to regular postage stamps.

RESPONSE:

The Postal Service is no longer planning to restrict postage payment methods for BPM.

Please see USPS-T-38, at 6, footnote 2, filed on August 10, 2006.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-421 Please refer to your response to Interrogatory DBP/USPS-220 subpart c.

[a] Please discuss any minimum quantity requirements that exist for a mailer to qualify to be able to mail Periodicals.

[b] Please discuss how frequently and under what conditions a mailer will actually mail a single mailpiece in a mailing of Periodicals.

[c] Please advise the postage rate that would apply for the mailing of a single Periodical. Please assume whatever criteria are necessary to respond to this question.

[d] Please provide details of any mailing of a single Periodical where the cost of mailing the Periodical mailpiece would cost more to mail as a Periodical than it would at the single-piece First-Class Mail/Priority Mail rate.

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-422 Please refer to your response to Interrogatory DBP/USPS-221. Assume a mailer has a single-piece retail parcel that qualifies for mailing as Bound Printed Matter and is being sent to the 8th Zone and has a weight of 5-pounds and is mailed under the present regulations.

[a] Please confirm, or explain if you are unable to confirm, that the postage for this mailpiece under the present rates is \$4.23.

[b] Please confirm, or explain if you are unable to confirm, that mailer A could prepare this mailing and pay the postage by means of a postage meter [such as those that are provided by Pitney Bowes].

[c] Please confirm, or explain if you are unable to confirm, that mailer B could prepare this mailing and pay the postage by means of a \$4.23 stamp obtained from an Automated Postal Center [APC].

[d] Please confirm, or explain if you are unable to confirm, that mailer C could prepare this mailing and pay the postage by means of a \$4.23 worth of customer-generated computer postage [it may be necessary to overpay the postage since these stamps are only available in specific values].

[e] Please confirm, or explain if you are unable to confirm, that mailer D could prepare this mailing and pay the postage by means of a \$4.23 worth of regular adhesive postage stamps.

[f] Please confirm, or explain if you are unable to confirm, that mailer E could prepare this mailing and pay the postage by means of a \$4.23 worth of regular adhesive postage stamps which he/she then "canceled" with a Mailer's Postmark Permit.

[g] Assume that mailers A, B, C, D, and E each present their mailpiece to a retail window clerk. Please confirm, or explain if you are unable to confirm, that the action taken by the retail window clerk as well as any other postal employee processing the mailpieces will be identical in all five scenarios [mailers A, B, C, D, and E] except that the retail window clerk or other postal employee will have to cancel the stamps on the parcel submitted by mailer D.

[h] Please discuss whether, in general, postage stamps on mailpieces handed over a retail service window should be cancelled by the window clerk or should they be cancelled at the processing center.

[i] Assume that mailers A, B, C, D, and E each deposit their mailpiece in the APC or other lobby drop. Please confirm, or explain if you are unable to confirm, that the action taken by any postal employee processing the mailpieces will be identical in all five scenarios [mailers A, B, C, D, and E] except that a postal employee will have to cancel the stamps on the parcel submitted by mailer D.

[j] Assume that mailers A, B, C, D, and E each deposit their mailpiece in a blue collection box. Please confirm, or explain if you are unable to confirm, that the action taken by any postal employee processing the mailpieces will be identical in all five scenarios [mailers A, B, C, D, and E] except that a postal employee will have to cancel the stamps on the parcel submitted by mailer D.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-423 Please refer to your response to Interrogatory DBP/USPS-224.

[a] Assume that mailers A, B, C, D, and E [referenced in Interrogatory DBP/USPS-422] each deposit their mailpiece [referenced in Interrogatory DBP/USPS-422] with their rural delivery letter carrier. Please confirm, or explain if you are unable to confirm, that the action taken by any postal employee processing the mailpieces will be identical in all five scenarios [mailers A, B, C, D, and E] except that a postal employee will have to cancel the stamps on the parcel submitted by mailer D.

[b] Will the mailer be able to give the mailpiece to the rural delivery carrier unstamped and give the carrier money to pay for the postage under the present regulations? Please explain.

[c] Will the mailer be able to give the mailpiece to the rural delivery carrier unstamped and give the carrier money to pay for the postage under the proposed regulations? Please explain.

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-424 Please refer to your response to Interrogatory DBP/USPS-225. Assume that mailers A, B, C, D, and E [referenced in Interrogatory DBP/USPS-422] each deposit their mailpiece [referenced in Interrogatory DBP/USPS-422] with their city delivery letter carrier. Please confirm, or explain if you are unable to confirm, that the action taken by any postal employee processing the mailpieces will be identical in all five scenarios [mailers A, B, C, D, and E] except that a postal employee will have to cancel the stamps on the parcel submitted by mailer D.

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-425 Please refer to your response to Interrogatory DBP/USPS-226. Assume that mailers A, B, C, D, and E [referenced in Interrogatory DBP/USPS-422] each deposit their mailpiece [referenced in Interrogatory DBP/USPS-422] with their highway contract delivery letter carrier. Please confirm, or explain if you are unable to confirm, that the action taken by any postal employee processing the mailpieces will be identical in all five scenarios [mailers A, B, C, D, and E] except that a postal employee will have to cancel the stamps on the parcel submitted by mailer D.

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-426 Please refer to your response to Interrogatory DBP/USPS-227 subparts c, d, and e. I am somewhat confused with your responses. If the window clerk makes an evaluation of the mailpiece that the mailer hands to them over the window as contemplated by subpart e, then wouldn't that evaluation have to be performed while the customer was still at the window in case the evaluation disclosed a question with the mailpiece? Please explain.

RESPONSE:

Please see the response to DBP/USPS-419.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-427 Please refer to your response to Interrogatory DBP/USPS-227. Please confirm, or explain if you are unable to confirm, that the thrust of the Postal Service's proposed rule change is with the requirement for the window clerk to be able to offer Bound Printed Matter to a mailer rather than the ability to just accept a Bound Printed Mail article that has already been prepared that way.

RESPONSE:

Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-428 Please refer to your response to Interrogatory DBP/USPS-227. Please advise the training that is provided to retail window clerks to evaluate the service desired by a customer who presents a mailpiece and determines what options that are available and the prices and service standards that are associated with that service. Please provide copies of any training manuals.

RESPONSE:

Please see the response to DBP/USPS-419.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-429 Please refer to your response to Interrogatory DBP/USPS-227.

[a] Please provide a listing of all of the retail services that a mailer of a 10-ounce mailpiece may utilize.

[b] Please discuss the exchange that would take place between the mailer and the window clerk to determine the most appropriate service for that mailpiece.

[c] Please provide copies of the POS terminal screens that would appear both for the window clerk and for the customer at each point in this exchange until it is completed and the piece is mailed.

[d] Please provide similar exchanges and computer screens for other methods of retail window acceptance besides the POS terminal.

Please provide copies of any training manuals.

RESPONSE:

Please see the response to DBP/USPS-419.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-430 Please refer to your response to Interrogatory DBP/USPS-234.

[a] Please confirm, or explain if you are unable to confirm, that DMM Section 163 has six pages which refer to the Rates and Eligibility of Bound Printed Matter and another six pages of DMM Section 173 which refer to the Rates and Eligibility of Media Mail.

[b] Please confirm, or explain if you are unable to confirm, that the similar sections for Express Mail [DMM 113] is 7 pages, Priority Mail [DMM 123] is 4 pages, First-Class Mail [DMM 133] is 5 pages, and Parcel Post [DMM 153] is ten pages.

[c] Please confirm, or explain if you are unable to confirm, that if a window clerk, after determining the contents of a mailpiece determines that it eligible for both Bound Printed Matter and Media Mail is able to present three prices to the mailer and advise them that they all have the same service standards and the mailer will be able to choose the cheapest option of the three [BPM/Media/Parcel Post]. This assumes that the mailer does not need the expedited service of First-Class Mail/Priority Mail/Express Mail.

RESPONSE:

(a) & (b) Objection filed.

(c) Confirmed for POS ONE. For IRT's, only one rate is displayed at a time, depending on which service the retail associate selects.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-431 Please refer to your response to Interrogatory DBP/USPS-236. Please confirm, or explain if you are unable to confirm, that in order to mail a single-piece Periodical that the mailer must have previously entered the publication as a Periodical and pay the appropriate fee. Please provide copies of any training manuals.

RESPONSE:

Please see the response to DBP/USPS-419.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-432 Please refer to your response to Interrogatory DBP/USPS-236.

[a] Please provide a listing of all types of single-piece mailings [that may be made by any individual and not requiring any specific permit or authorization] which under the present regulations, the postage may not be paid by means of postage stamps.

[b] Under the proposed regulations will there be any types of single-piece mailings [that may be made by any individual and not requiring any specific permit or authorization], other than Bound Printed Matter, where the postage may not be paid by means of postage stamps?

[c] Please provide a listing of all types of single-piece mailings [that may be made by any individual and not requiring any specific permit or authorization] which under previous regulations, the postage could not be paid by means of postage stamps.

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-433 Please refer to your response to Interrogatory DBP/USPS-237.

[a] Please confirm, or explain if you are unable to confirm, that many mailers have already purchased postage stamps and have them available to use for future mailings of any type of mailing for which stamps are authorized.

[b] Please advise all of the classes of mail besides single-piece Bound Printed Matter that postage stamps may be utilized for paying the postage.

[c] Please advise all of the places that a customer may obtain postage stamps.

[d] Please explain why a mailer who has already purchased the stamps in a previous transaction may not mail a single-piece Bound Printed Matter article in any place that a mailer who happens to have a postage meter to utilize for the postage.

[e] Please confirm, or explain if you are unable to confirm, that many mailers have already purchased precancelled postage stamps and have them available to use for future mailings of any type of mailing for which precancelled stamps are authorized.

[f] Please advise all of the classes of mail besides single-piece Bound Printed Matter that precancelled postage stamps may be utilized for paying the postage.

[g] Please confirm, or explain if you are unable to confirm, that many mailers have already purchased customer-generated computer postage stamps and have them available to use for future mailings of any type of mailing for which stamps are authorized.

[h] Under the proposed regulations, may the mailer of a single-piece Bound Printed Matter article utilize stamps that have been cancelled by a Mailer's Postmark Permit?

[i] If not, why not?

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-434 Please refer to your response to Interrogatory DBP/USPS-237. Please confirm, or explain if you are unable to confirm, that the thrust of the Postal Service's proposed rule change is to eliminate methods of postage payments that require a retail window sale of postage stamps rather than the acceptance of the mail by a retail window clerk or any other means by which a mailer could deposit the mail if it had the postage paid by a means that did not at some point in time require a retail window sale such as a postage meter.

RESPONSE:

Please see the response to DBP/USPS-420.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-447. Please refer to your response to Interrogatory OCA/USPS-68 subpart d. Please identify the two ZIP Code areas that were removed from the EXFC ZIP Code panel and the reasons for removing them.

RESPONSE:

In July 2000, ZIP codes 006 and 007 were removed. The Postal Service has not been able to find individuals or documentation that can explain why those particular two ZIP codes were removed.

**RESPONSE OF THE POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

DBP/USPS-449 Please refer to your response to Interrogatory DBP/USPS-91 subpart d. Please explain why you state that items appearing in the Postal Operations Manual with a mandatory type of wording are considered only to be guidance as noted in the 10th word from the end of the response.

RESPONSE:

The interrogatory asks about the tenth word from the end of the original interrogatory response to DBP/USPS-91. The context of the last sentence involved is a comment about the phrase "100% mandatory" used in the (original) interrogatory. With "guidance" meaning "to provide direction" in at least one dictionary, this word is appropriate to make the point found in the last sentence in the interrogatory response.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
DAVID B. POPKIN INTERROGATORY

DBP/USPS-450 Please refer to your response to Interrogatory DBP/USPS-278. Since I am aware of at least one District that wants Express Mail to be deposited in a regular blue collection box, please advise and provide copies of any guidance that has been disseminated from the Headquarters level which covers this condition.

RESPONSE:

The Postal Service is unaware of any "guidance" provided to the field concerning this particular issue.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6064

DBP/USPS-454

[a] Please confirm, or explain if you are unable to confirm, that there is nothing that would preclude the Board of Governors from establishing an effective date for the modifications to the DMCS that were related to the Forever Stamp at an earlier time than the effective date for the remainder of the Opinion and Recommended Decision changes. [In other words, if the Commission released the Opinion and Recommended Decision on February 1, 2007, could the Board of Governors establish an effective date for the DMCS modifications related to the Forever Stamp of March 1, 2007, and an effective date of April 1, 2007 for the remainder of the rate and DMCS changes?]

[b] Please confirm, or explain if you are unable to confirm, that if you have confirmed subpart a of this Interrogatory, it would be possible to implement the Forever Stamp in this Docket, namely, have a period of time when it would be sold for 39¢ and then be utilized when the rate is 42¢.

RESPONSE

- (a) Not confirmed. It is not known whether such an alternative is logistically feasible to implement and, therefore, precluded from Board consideration.
- (b) See the response to subpart (a). Assuming logistical feasibility were not an issue, other hurdles would include whether there was substantial record evidence regarding such an alternative, whether it was recommended by the Commission, and whether the Governors were willing to adopt a recommendation so radically different from the proposal the Board of Governors authorized the Postal Service to pursue.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6065

DBP/USPS-455

- [a] If the Forever Stamp were to be implemented in this Docket, please identify and quantify the expected shortfall in revenue.
- [b] Please fully explain how that shortfall value was determined and calculated.
- [c] Please explain how the added revenue to cover this shortfall can be achieved.

RESPONSE

- (a-c) Please see the response to DBP/USPS-454. The Postal Service has not developed any revenue shortfall or revenue make-up estimates associated with implementing the Forever Stamp.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6066

DBP/USPS-456 At the present time, the Postal Service has a series of regulations and procedures that relate to the action that would be taken when shortpaid or unpaid mailpieces are deposited into the mail.

[a] Will the introduction of a Forever Stamp either require or result in any changes to these regulations or procedures?

[b] Please explain the changes that would be required.

[c] Please discuss any changes that are being considered.

RESPONSE

(a-c) If potential Domestic Mail Manual changes are deemed to be necessary, they will be drafted and circulated for internal review and consideration.

Under standard operating procedures, any proposed changes decided upon by the Postal Service would then be published for public notice and/or comment in the Federal Register. The Postal Service has no intention of publishing the pre-decisional ruminations and recommendations of employees regarding possible DMM changes before any proposed DMM changes are published as described above.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6067

DBP/USPS-457

[a] Please confirm, or explain if you are unable to confirm, that under the present regulations the cost of mailing a post card is 24¢.

[b] Please confirm, or explain if you are unable to confirm, that it would be permissible to utilize a letter-rate 39¢ stamp to pay the postage on this post card and there are many instances where mailers will do so.

[c] Please discuss the reasons why mailers will utilize the 39¢ stamp as discussed in subpart b above.

[d] If the proposed regulations and rates are approved and implemented, will a mailer be able to utilize a Forever Stamp to pay the postage on a post card?

[e] If not, why not?

RESPONSE

- (a) Confirmed.
- (b) Confirmed, that such activity is not prohibited and that it occurs.
- (c) Mailers who are poised to mail a postcard and who already possess 39-cent stamps but no postcard stamps, may not consider it worth the time and expense to obtain postcard stamps. Accordingly, they may be inclined to use their 39-cent stamps on their postcards out of convenience.
- (d) The Postal Service presently has no intention to prohibit such use.
- (e) N/A

DBP/USPS-458 A number of previous Interrogatories [DBP/USPS-336, 339, 341, 366, 367, 368, and 457 for example] relate to the use of the Forever Stamp and/or non-denominated semi-postal stamps and/or other non-denominated stamps at their face value in a number of mailing scenarios.

[a] If there are any instances in your response to these previous interrogatories where the stamp will not be honored at its face value, will the mailer be entitled to apply for and receive a refund of the face value of the stamp that was not honored? For example, under the proposed rates and regulations if a mailer utilizes two Forever Stamps on a two-ounce letter and the second Forever Stamp is not honored to pay [actually overpay] the cost of the second ounce and the mailpiece is delivered 20¢ postage due, will the mailer be able to apply for and receive a refund of 42¢?

[b] If not, why not?

RESPONSE

- (a) There are no such instances. No.
- (b) Assuming no changes in current refund policy, if a refund request under DMM 604.9.2.7 is not supported by evidence that the 22 cents of excess postage (above the required rate of 62 cents) was collected by the Postal Service as a condition of acceptance of the mail piece, such a request by the mailer does not qualify for a refund under DMM 604.9.2.1a. Assuming no changes in current refund policy, a refund request under DMM 604.9.2.7 supported by evidence that 20 cents of postage due was improperly charged to the recipient as a condition of delivery should result in a refund to the recipient under DMM 604.9.2.1a.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6069

DBP/USPS-459

[a] Please confirm, or explain if you are unable to confirm, that all of the stamps that have been issued in the past are receipts for a certain value and do not represent a particular service even though the denomination may have been chosen for a particular reason at the time of issue.

[b] Please confirm, or explain if you are unable to confirm, that the Forever Stamp proposal will only be the second time that the Postal Service is selling a specific service and will honor that service at any time in the future [the first time was the previous concept of the International Reply Coupon which has now changed and is no longer valid indefinitely].

RESPONSE

- (a) The Postal Service has not researched its archives for the purpose of determining whether all postage stamps ever issued by it or the Post Office Department were for a certain value and did not represent a particular service, even though certain denominations may have been chosen for a particular reason at the time of issue. Whether or not that is the case is not material to the issues raised by the Forever Stamp proposal.
- (b) The proposition posed in your question is a plausible one. Whether or not that is the case is not material to the issues raised by the Forever Stamp proposal. The Postal Service has not researched its archives for the purposes of making such a determination.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6070

DBP/USPS-460

- [a] Please confirm, or explain if you are unable to confirm, that the computer generated stamps are only issued in certain specific values.
- [b] Please confirm, or explain if you are unable to confirm, that a 39¢ computer generated stamp will require a regular 3¢ stamp to mail a one ounce letter once this Docket is approved.
- [c] Has any consideration been given or evaluated to allow users of computer generated stamps to prepare stamps that would have the characteristics of the Forever Stamp?
- [d] If so, please discuss. If not, why not?

RESPONSE

- (a) Confirmed.
- (b) Assuming the basic First-Class Mail rate is increased from 39 cents to 42, the increase has the same impact on holders of regular 39-cent postage stamps and PC-Postage 39-cent stamps.
- (c) No.
- (d) Please see the response to DBP/USPS-334. The Postal Service has focused exclusively on developing and implementing the concept described in the testimony of witness Taufique (USPS-T-48). Other proposals would require the examination of issues that go beyond those which the Postal Service is prepared to examine at this time.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6071

DBP/USPS-461

[a] Has any consideration been given or evaluated to allow users of postage meters to prepare "stamps" that would have the characteristics of the Forever Stamp?

[b] If so, please discuss. If not, why not?

RESPONSE

(a-b) No consideration has been given to extending the concept to meters or permit imprint. The testimony of witness Taufique (USPS-T-48) explains the motivation behind the proposed concept. The same rate change transitional issues do not arise with respect to other postage indicia.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-462 Please refer to your response to Interrogatory DBP/USPS-121 subparts b and c. Please advise whether a mailer of Delivery Confirmation, Signature Confirmation, and/or Collect of Delivery Mail may track the mailpiece on the Internet or by telephone. If necessary, please correct the responses to the other subparts of the original Interrogatory.

RESPONSE:

No changes are needed to the response to DBP/USPS-121, since that response identified those accountable mail services which are trackable on the Internet or by telephone.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-463 Please refer to your response to Interrogatory DBP/USPS-121 subpart g. You indicate that to provide tracking of insured items without Delivery Confirmations, it would be necessary to raise the price for all Insurance mailpieces.

[a] Please advise the estimated increase in price that would be necessary.

[b] Please show the calculations and data that were utilized to obtain your response to subpart a above.

[c] Please advise the amount that was added to the fees for other services that have the capability of Internet and/or telephone tracking.

RESPONSE:

a. The estimated increase in the price of the insurance if the information were provided would be at least \$0.18.

b. Using the cost for making the final disposition of Delivery Confirmation scans available as a proxy, the minimum postal cost increase for providing this information would be at least \$0.12. With 150 percent cost coverage, the price increase would be \$0.18. As noted in witness Mitchum's response to DFC/USPS-T40-3, only 17 percent of insured items also have Delivery Confirmation, so the Postal Service chose not to burden the majority of insurance mailers with this additional expense. As such, no effort was made to determine if any other additional costs related to providing this information would be incurred.

c. Special service fees are proposed based on the overall costs and the other factors discussed by witnesses Berkeley, Kaneer, and Mitchum. Since there were no changes in the availability of Internet and/or telephone tracking, in this proceeding, no fee was increased specifically for the capability of Internet and/or telephone tracking. However, in Docket No. R2000-1, the fees for Certified Mail and Registered Mail were increased in part because of the newly included feature of access to delivery information.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-464 Please refer to your response to Interrogatory DBP/USPS-121 subpart g. You indicate that the vast majority of mailers of Insured mailpieces are not interested in receiving the tracking information because they have chosen not to purchase Delivery Confirmation in addition to the Insurance.

[a] Please indicate the present cost of adding Delivery Confirmation to an Insured mailpiece.

[b] Please confirm, or explain if you are unable to confirm, that many mailers of Insured mailpieces may choose not to purchase Delivery Confirmation either because of its cost or lack of knowledge of its availability or need.

RESPONSE:

- a. This would be dependent on the item mailed, and varies from \$0.00 to \$0.60.
- b. Not confirmed. The Postal Service has not conducted research about why customers choose not to purchase Delivery Confirmation for items they insure.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-465 Please refer to your response to Interrogatory DBP/USPS-122 subpart c.

[a] May Delivery Confirmation mailpieces [and Collect of Delivery mailpieces if the response to Interrogatory DBP/USPS-462 indicates that they may be tracked] be scanned at the time of acceptance if the customer requests it?

[b] Are all of these accountable mailpieces automatically scanned at the time of acceptance if the postage has not already been applied by the mailer?

[c] If not, please explain.

RESPONSE:

a. Yes they may, but there is no requirement for the clerk to do so.

b-c. No, not all locations have the ability to scan packages.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-466 Please refer to your response to Interrogatory DBP/USPS-122 subpart c.

[a] Should Delivery Confirmation mailpieces [and Collect of Delivery mailpieces if the response to Interrogatory DBP/USPS-462 indicates that they may be tracked] also be indicated in the last 4-1/2 lines of the response to subpart c?

[b] If not, please explain.

RESPONSE:

a. No.

b. Delivery Confirmation is not an accountable service.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-468 Please refer to your response to Interrogatory DBP/USPS-124.

[a] Please confirm, or explain if you are unable to confirm, that PS Form 3813 as shown on attachment 1 will be utilized at a retail window.

[b] Please identify the source of the top two receipts shown on Attachment 2.

[c] Please identify the source of the bottom two receipts shown on Attachment 2.

RESPONSE:

a. Confirmed.

b-c. These are receipts generated by POS.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-469 Please refer to your response to Interrogatory DBP/USPS-124. Your response did not show the labels and barcodes that would be affixed to the mailpiece for methods of mailing other than over the retail window. Please provide.

RESPONSE:

Please refer to section 503.4 (exhibits: 4.3.5b and 4.3.5c) of the Domestic Mail Manual.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-470 Please refer to your response to Interrogatory DBP/USPS-124 subpart a. Please confirm, or explain if you are unable to confirm, that for entry by other than by an APC or over a retail window, the mailpiece must be prepared online.

RESPONSE:

Not confirmed. See Domestic Mail Manual, section 503.4.3.1, entitled "Where to Mail."

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

Revised August 30, 2006

DBP/USPS-471. Please refer to your response to Interrogatory DBP/USPS-124 subpart e. Your response did not discuss or provide copies of the forms utilized for the methods by which Insured mailpieces will be accounted for when given to the delivery carriers at a given post office.

RESPONSE:

No forms were provided, because no form is used when the piece is given to the delivery carrier (other than the Form 3849 discussed in the response to DBP/USPS-124(e)).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-474 Please refer to your response to Interrogatory DBP/USPS-124 subpart e. Your response indicated that parcels insured for \$50 or less [namely, unnumbered packages] will be delivered it can be left at a secure location.

[a] Will this now apply to parcels insured for \$200 or less?

[b] If not, why not?

RESPONSE:

a. Yes.

b. Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-475 Please refer to your response to Interrogatory APWU/USPS-T32-10. Since one of the categories in EXFC mailpieces is handwritten addresses, please explain why that same percentage would not also apply to the first question asked for in this Interrogatory.

RESPONSE

It is impossible from this question to tell what "that same percentage" is or what the "first question asked for in this Interrogatory . . ." is.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-476 Please refer to your response to Interrogatory DBP/USPS-255.

[a] If the object of the Postal Service is to eliminate window service for the mailing of single-piece Bound Printed Matter mailpieces, will a mailer be able to obtain a Certificate of Mailing or any of the other ancillary services that require or permit window services if the postage is prepaid by a postage meter.

[b] Please explain how the transaction will be made.

[c] Please provide the rationale for permitting window services.

RESPONSE:

Please see the response to DBP/USPS-419.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
DAVID B. POPKIN INTERROGATORY

DBP/USPS-477 Please refer to your response to Interrogatory DBP/USPS-287 subpart d. Please explain how it is possible for the average days for delivery for Post Office to Post Office Next Day to be delivered in less than one day. It would appear to me that it would require a certain percentage of the articles to be delivered on the date of mailing.

RESPONSE:

A small percentage of PO-PO Next Day pieces, generally sent to a destination nearby the origin, were received at the destination post office on the same day in which they were entered. When combined with the other pieces, the vast majority of which were received at the destination one calendar day after entry, the average was slightly less than one.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6085

DBP/USPS-480 This Interrogatory relates to the Forever Stamp proposal. Please confirm, or explain if you are unable to confirm, that in the last 51-plus years, every postage stamp, postal/stamped card, and stamped envelope that has been issued and/or sold by the Postal Service has been valid for any use for which postage stamps are valid except for the following:

1. Air Mail stamps/cards/envelopes which were restricted to use on Air Mail articles but which are now valid for any use since Air Mail was eliminated as a mail classification some 30 years ago.
2. Fifteen-cent Certified Mail stamps which were issued in 1955 to pay the then 15¢ Certified Mail fee.
3. Special Delivery stamps which were issued to pay the Special Delivery fee. Special Delivery is no longer available as a service.
4. Service imprinted pre-cancelled stamps which may not be utilized without holding a special mailing permit.

RESPONSE

That may well be the case. However, the Postal Service has not conducted the archival research necessary to develop a definitive response to a question that has no material bearing on the issues raised by its Forever Stamp proposal.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6086

DBP/USPS-481

[a] Is it the intention of the Postal Service to fully enforce the literal interpretation of the regulations that will be established for the Forever Stamp?

[b] If not, please explain.

RESPONSE

In the absence of a meeting of the minds as to what would constitute *full* enforcement, and what would constitute a *literal* interpretation of regulations that have not yet been finalized, it is impossible to answer this question.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6087

DBP/USPS-482

Please advise the regulations that the Postal Service intends to issue for the Forever Stamp.

RESPONSE

At an appropriate time in the future, the Postal Service will publish proposed DMM regulations in the Federal Register. At that time, one will be able to see what they are.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-483 Please refer to footnote 2 on page 6 of the Testimony USPS-T-38 revised on August 10, 2006. Please confirm, or explain if you are unable to confirm, that under the revised proposed regulations for single-piece/nonpresort Bound Printed Matter [BPM] a mailer who is aware of the service will be able to prepare and deposit the mail in all of the same ways and conditions that it can be done under the present regulations.

RESPONSE:

Confirmed with respect to preparation and deposit of mail, although the service will not be offered at retail window.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-484 Please refer to footnote 2 on page 6 of the Testimony USPS-T-38 revised on August 10, 2006. Please confirm, or explain if you are unable to confirm, that under the revised proposed regulations for single-piece/nonpresort Bound Printed Matter [BPM] a mailer who is aware of the service will be able to obtain all of the extra/ancillary services that are available presently and be able to prepare and deposit the mail in all of the same ways and conditions that it can be done under the present regulations.

RESPONSE:

Confirmed with respect to preparation and deposit of mail, although the service will not be offered at retail window. As stated: "For those extra services that can be effectuated only at the window, it is the Postal Service's intention to establish procedures to accommodate customers who seek to add those services." The procedures have not yet been established. Please see the response to DBP/USPS-485.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-485 Please refer to footnote 2 on page 6 of the Testimony USPS-T-38 revised on August 10, 2006. Please advise what assistance a mailer who is aware of the existence of the single-piece/nonpresort Bound Printed Matter [BPM] service will be able to obtain assistance from a retail service window as follows:

- [a] To determine the weight of the mailpiece.
- [b] To determine the zone for the mailing.
- [c] To determine whether the mailpiece is a flat or a parcel.
- [d] To determine the availability and cost[s] of any of the various ancillary services.
- [e] To determine the postage that would be required for a mailpiece having all of the characteristics and ancillary services as noted above.
- [f] To determine whether the contents of the mailpiece would qualify for mailing as BPM.
- [g] To obtain a PVI strip or other Postal Service issued postage validation to cover the required postage.
- [h] To purchase the necessary adhesive postage stamps to cover the required postage.
- [i] To provide any necessary markings or validations, such as a \$0.00 PVI strip, to ensure that the mailpiece will have the same level of mailpiece security for mailpieces that are over 16 ounces in weight that a mailpiece with a PVI strip paying the full postage would have.
- [j] To determine the service standards for the mailpiece.
- [k] Please explain and provide the rationale for any negative responses to subparts a through j above.
- [l] For each of the services listed in subparts a through j above, please provide the source of the information or action. For example, the weight of the mailpiece would be determined on the POS terminal scale.

RESPONSE:

This information is not available. The Postal Service is just beginning the process of examining how to implement the changes necessary to effectuate its plans reflected in revised footnote 2.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-486 Please refer to footnote 2 on page 6 of the Testimony USPS-T-38 revised on August 10, 2006.

[a] Please provide a complete listing of the assistance that a mailer [who is unaware of the BPM service] who has a mailpiece could receive information or assistance at the present time which would lead the customer to choose BPM for the mailpiece. Include assistance that could be provided at a retail window, from the 1-800 number, from a delivery carrier, etc.

[b] Please indicate which, if any, of the information or assistance items shown in response to subpart a above will no longer be available if the proposed regulations are implemented.

[c] Please provide the rationale for each of the items that will no longer be provided if the proposed regulations are implemented.

RESPONSE:

This information is not available. The Postal Service is just beginning the process of examining how to implement the changes necessary to effectuate its plans reflected in revised footnote 2.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-487 Please refer to footnote 2 on page 6 of the Testimony USPS-T-38 revised on August 10, 2006.

[a] Please provide the POS terminal screens and verbal exchanges that would match an exchange between a customer presenting a mailpiece [under the present regulations] and ultimately ending up choosing BPM.

[b] Please provide the POS terminal screens that would be utilized after the proposed regulations are implemented.

RESPONSE:

Such a comparison is not available. The Postal Service is just beginning the process of examining how to implement the changes necessary to effectuate its plans reflected in revised footnote 2.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6093

DBP/USPS-488. Please refer to your response to Interrogatory DBP/USPS-295. The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

RESPONSE:

A copy of the survey instructions provided to the interviewers is attached.

FOREVER STAMPS- #35260**INTERVIEWER INSTRUCTIONS**

April 27, 2006

Please review with all interviewers the following general instructions:

- 1) In the text to a question, if words are in lower case and in parentheses, they may be read if the respondent seems confused and needs a further explanation. They should not be read if there is no questioning on the part of the respondent. Example: Been treated by a physician for a peptic ulcer of any type. (This includes duodenal, and/or gastric ulcers) -- The part in parentheses should only be read for clarification, if necessary.
- 2) In the answer list to a question, where the whole list is in caps, it is not to be read. If one word or two in a sentence are in caps, they are for emphasis and should be read.
- 3) In the answer list to a question, where the whole list is in lower case, it should be read. If there is an instruction to "read list," the items should be read. Please note that in a "read list," there may be initials, such as NBC and CBS that should be read.
- 4) There are two different ways to read answer lists:
 - a. If the answer list is a single response or record one answer only, read the entire list before accepting one response.
 - b. If the answer list is a "Record as many as apply," be sure to pause for a response after reading each item, before reading the next item. THIS IS VERY IMPORTANT.

CTF Schedule:

Start interviewing - Thurs. 4/27/06

End interviewing - Mon 5/1/06

SAMPLE

Sample is RDD

S1- this question simply confirms that we have reached a household

Record gender

Core of questionnaire:

A1- This screen determines whether or not they will get the core of this study. We are expecting around 75% to get the entire questionnaire.

A2 – Record one answer.

A3 – Record as many as apply.

A4 and A5 – Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble.

A6-A15 – Record one answer.

A16 – Open-end. Probe for specifics and other answers until respondent is done.

A17 – Record yes or no for each.

Description after A17 – Read CAREFULLY.

A18-A21 – There are 4 separate versions, but each respondent will only get one.

A18 – Record one answer.

A19 and A20 – Open-ends. Probe for specifics and other answers until respondent is done.

A21 – Record one answer for each time period.

A22 – Record yes or no for each.

A23 - Record one answer.

A24 – Record agree or disagree for each.

A25– Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble. The respondent's answer from A4 will be insert in the question wording here.

A26-A27 – There are 3 separate versions, and each respondent will get the same one they got in the A18-A21 series.

A26-A27 - Record one answer.

Demographics – same as Caravan

Please review with all interviewers the following general instructions:

***** VERY IMPORTANT *****VERY IMPORTANT ***** VERY IMPORTANT *****

- 1) There are two different ways to read answer lists:
 - a. If the answer list is a single response or record one answer only, read the entire list before accepting one response.
 - b. If the answer list is a "Record as many as apply," be sure to pause for a response after reading each item to get a yes or no response before reading the next item. THIS IS VERY IMPORTANT.
- 2) In the text to a question, if words are in lower case and in parentheses, they may be read if the respondent seems confused and needs a further explanation. They should not be read if there is no questioning on the part of the respondent. Example: Been treated by a physician for a peptic ulcer of any type. (This includes duodenal, and/or gastric ulcers) -- The part in parentheses should only be read for clarification, if necessary.
- 3) In the answer list to a question, where the whole list is in caps, it is not to be read. If one word or two in a sentence are in caps, they are for emphasis and should be read.
- 4) In the answer list to a question, where the whole list is in lower case, it should be read. If there is an instruction to "read list," the items should be read. Please note that in a "read list," there may be initials, such as NBC that should be read.
- 5) Probing is critical in open-ended questions. Open ends are included when our clients want to hear/see actual responses or not package responses with pre-coding. While some respondents will give full answers initially, most do not or do not really provide the information asked for. Keep in mind that our clients pay extra for the additional time and effort that open ends require. (Please note that instructions to record answers verbatim do not require the interviewer to capture the "ums", "ahs", "Let me think", etc. that people use in conversation.)

The exact phrasing of a probe will vary, but there are some general rules.

 - Do not accept responses such as "I do/don't like it." The follow-up should be what do/don't you like about it. If the answer is "I don't know," politely prod the respondent: "Is there any reason you can think of?"
 - After the respondent finishes, generally ask, "What else?" until the respondent says, "Nothing," unless the interviewing instructions or questionnaire state otherwise.
- 6) Other (Specify) should be used carefully. First, only record responses that answer the question. If an answer is non-responsive, re-read the question. Also, "all of the above" should NOT appear in "other (specify)." In the case of a multi-punch question, if a respondent says "all of the above," then punch all responses. On the other hand, if it is a single punch question, **probe**, "If you had to choose one, which would it be?" Finally, if "none" or "don't know" is in the answer list, DO NOT record it in other specify.

"Now, may I please speak to the youngest (male/female) 18 years of age or older who lives in this household."

Subcontractors have used this introduction and get more 18-24 year olds with this version. This will be used for the year. We expect to see an increase in the number of younger respondents reached in each wave. They are about 10% of the adult population and we expect about 100 out of CARAVAN of 1,000. PLEASE KEEP STRESSING THE IMPORTANCE OF ASKING FOR THE YOUNGEST PERSON AGE 18 OR OLDER WHO IS AT HOME.

The returns are no better.

New gender check introduction...

Right after the gender question, we have a new introduction

First of all (sir/ma'am).....

This is a check to make certain the interviewer has coded the gender correctly. If not back up and fix the gender.

Incidence and Refusal Issues

SB -- Internet use and access should be about 65-70% combining home, work, school, other.

SS -- Have cable and or satellite TV should be 78-80%

S8 -- Age -- less than 2% refusal. **Please note that with 715018 we are asking the age question differently. We are not asking ranges any longer but simply asking someone what is there age. IF they refuse then the ranges are to be read.**

S10 -- Income -- less than 18% refusal

S11 -- How many total telephone numbers does your household have? Please do not include extension phones, just different telephone numbers.

Respondents often ask if this includes cell phones. It does not. If they ask you may say "no." It also might help to repeat the second sentence.

Reading Responses

A safe rule of thumb is any answer category in lower case must be read and any one in upper case must not be read. Some clients are now asking us to read responses such as "Any Other" or "None" Pay careful attention to these situations and read them if they are in lower case.

Some response lists are "wait for yes or no for each." Please pause after each and get a response. Some response lists are "read entire list before accepting one response." Do not accept an answer until; the entire list has been read.

Forever Stamps – Small Business -- 1 – Section A

A1- This screen determines whether or not they will get the core of this study.

A2 – Record one answer.

A3 – Record as many as apply. Wait for yes or no for each.

A4 and A5 – Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble. Use list to prompt.

A6-A15 – Record one answer.

A16 – Open-end. Probe for specifics and other answers until respondent is done.

A17 – Record yes or no for each.

Description after A17 – Read CAREFULLY.

A18-A21 – There are 4 separate versions, but each respondent will only get one.

A18 – Record one answer.

A19 and A20 – Open-ends. Probe for specifics and other answers until respondent is done.

A21 – Record one answer for each time period.

A22 – Record yes or no for each.

A23 - Record one answer.

A24 – Record agree or disagree for each.

A25– Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble. The respondent's answer from A4 will be insert in the question wording here.

A26-A27 – There are 3 separate versions, and each respondent will get the same one they got in the A18-A21 series.

A26-A27 - Record one answer.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6099

DBP/USPS-489. Please refer to your response to Interrogatory DBP/USPS-296. The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

RESPONSE:

The telephone script consisted of the introductory statement provided in the response to DBP/USPS-295, along with the survey questionnaires that were included in USPS-LR-L-152.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6100

DBP/USPS-490. Please refer to your response to Interrogatory DBP/USPS-297.

The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

RESPONSE:

The computer screen shots are no longer in Opinion Research Corporation's data systems. However, the survey questionnaires (with embedded instructions) included in USPS-LR-L-152 are representative of what appeared on the interviewer's screen during the interview. One question at a time appeared on the screen.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6101

DBP/USPS-491. Please refer to your response to Interrogatory DBP/USPS-300.

[a] Please define and explain the meaning of the phrase "On a weighted basis" and show any calculations that were made to arrive at the number 199 respondents.

[b] How many of the 2059 respondents that were contacted actually indicated that they were the owner or manager of a small business?

RESPONSE:

[a] In representative, probability-based samples such as CARAVAN®, the basis of the weighting is the inverse of the selection probability. Then, weighting adjustments are frequently made to reduce the potential for biases that may be present due to incomplete frame coverage and survey non-response — both inherent in all telephone surveys. These adjustments may take advantage of geographic, demographic and socioeconomic information that are known for the population as well as measured in the sample surveys. The adjustments reduce potential bias to the extent that the survey respondents and non-respondents (non-contacts, refusals, etc.) with similar geographic, demographic and socioeconomic characteristics are also similar with respect to the survey statistics of interest. In other words, post-survey weighting adjustments reduce bias if the weighting variables are related to (correlated with) the survey measures and the likelihood of survey participation.

With respect to CARAVAN®, the post-survey weighting adjustments leverage population-based estimates as reported by the Current Population Survey (CPS). This form of weighting is referred to as *calibration weighting* in that survey respondents are assigned weights that are calibrated to reflect the population. The calibration weighting in CARAVAN® is based on an iterative series of ratio adjustments called iterative proportional fitting, or *raking*, which was first introduced by Deming and Stephan for use in the 1940 U.S. Census. The CARAVAN®

RESPONSE TO DBP/USPS-491 (continued):

ratio adjustments calibrate the survey data to the population for age, sex, race/Hispanic origin, and Census region.

The entire sample of 2,059 interviews was weighted to the U.S. adult population (not households) and then balanced to an overall weighted target of 2,000. Each respondent was assigned his/her own weight. After weighting, 199 respondents said they were the owner or manager of a small business.

[b] 220.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6103

DBP/USPS-492. Please refer to your response to Interrogatory DBP/USPS-301.

[a] Please explain why the study chose the only contact residential homeowners as the basis for their study and then utilize those residential homeowners who just happened to be the owner or manager of a small business for data for a separate study of small businesses as opposed to contacting small businesses directly.

[b] Please explain why that method will produce equally valid results.

[c] In the Library Reference USPS-LR-L-152 there appear to be two versions of the questionnaire, namely, the Small Business Version and the Consumer Version. Both of these appear to start off at question number 1 assuming that the respondent was already determined to be either a small business owner or not. Please advise how the Opinion Research Corporation employee/contractor was able to make that determination and provide copies of the appropriate script.

RESPONSE:

[a,b] CARAVAN® is an ongoing, twice-weekly representative sample of U.S. households. Piggybacking on CARAVAN® eliminated the need for a dedicated survey panel, and thus was efficient from a design and cost standpoint. A filter was used to identify owners and managers of small businesses from among the household respondents. The resulting small business sample was also considered to be representative under the reasonable assumption that all small business owners and managers belong to a household.

[c] Your interpretation of question number 1 in the survey is incorrect. In the Small Business Version, no assumption is made that the respondent is already a small business owner or manager. Rather, question number 1 pursues the matter directly: The respondent is asked whether he/she is a small business owner or manager. If the answer is negative, then the interview is terminated. Such a direct question quite effectively allowed Opinion Research Corporation to make a determination whether the respondent was a small business owner/manager. Please see the survey questionnaires included in USPS-LR-L-152, question number 1.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6104

DBP/USPS-493. Please refer to your response to Interrogatory DBP/USPS-310.

[a] Please look at the question that was asked to the consumer in the survey and explain what word or words in the question would indicate that the survey question was referring to purchasing the forever stamp "today" as opposed to sometime in the future when it became necessary to purchase stamps.

[b] What do you believe is the intent of the question?

[c] Is the real intent of the question as follows, "The next time that you make a purchase of stamps to mail one ounce letters and you are given the choice of purchasing either a 39¢ denominated stamp that will always be worth 39¢ and should the postal rates for one ounce letters increase in the future you will be required to add additional postage to your letter or to purchase a Forever Stamp for the same 39¢ that should the postal rates for one ounce letters increase in the future you will not be required to add additional postage to your letter, which would you choose?"

[d] If not, why not?

[e] What proportion of the 20 to 26 percent of the respondents who would not want to purchase the Forever Stamp misunderstood the question and would purchase it at a later time vs. those that preferred denominated stamps for philatelic purposes?

[f] Do you believe that the 20 to 26 percent of the respondents who would not want to purchase the Forever Stamp is a valid indication of the real intent of the question?

[g] If so, please explain why?

RESPONSE:

- [a] The word in the survey questionnaires (both consumer and small business) conveying that the reference was to purchasing the Forever Stamp *today* (as opposed to sometime in the future) was "today." Question number 19 alternately asked "If you could buy the Forever Stamp *today* at 39 cents," and "If you could buy the Forever Stamp *today* with a [XX] cent premium." (Emphasis added.) However, respondents were certainly free to interpret "today" as today, or perhaps the next time that stamps are purchased in the normal course of business or running errands.
- [b] The intent could reasonably be construed as either of the interpretations in subpart [a].
- [c] That is one reasonable interpretation of the intent.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN

6105

RESPONSE TO DBP/USPS-493 (continued):

- [d] N/A.
- [e] This is not known. Negative (no-purchase) responses were not tabulated in the survey.
- [f,g] Yes. The Postal Service has no reason to believe that the responses do not reflect what was inquired: "If you could buy the Forever Stamp today....."

DBP/USPS-494. Please refer to your response to Interrogatory DBP/USPS-311.

[a] Do you believe that the 27 to 29 percent of the respondents who indicated that they would purchase the Forever Stamp at a 45¢ price misunderstood the question and did not realize that in order to achieve the hedge against future rate increases it would take probably two rate increases and six years on average to receive that benefit and in any case they could always purchase the Forever Stamp at a 39¢ price up until the new rate actually went into effect and could, in all likelihood, purchase it at an intermediate price between 39¢ and 45¢ if they missed out on the first opportunity.

[b] If not, please explain.

[c] Do you believe that the 27 to 57 percent of the respondents who indicated that they would purchase the Forever Stamp at a premium price misunderstood the question and did not realize that in order to achieve the hedge against future rate increases they could still purchase the Forever Stamp once the proposed rate increase and its magnitude were announced.

[d] If not, please explain.

RESPONSE:

[a,b] The Postal Service has no reason to believe that any of the survey questions were generally misunderstood. Clearly, survey respondents will not understand the true intent of questions 100 percent of the time. But there is no way of knowing in the instant survey how questions may have been interpreted, when they were not interpreted in the way intended. The Postal Service also believes that when presented in survey question number 19 with the option to purchase the Forever Stamp at a premium ranging up to 6 cents, respondents were not likely to assume that the stamp would at any time in the future be available at a premium other than the one posed in the question (e.g., if the stamp is available at 45 cents when First-Class Mail postage is 39 cents, then it will become available at 48 cents when, hypothetically, First-Class Mail postage increases to 42 cents).

[c,d] No. There was no suggestion in survey question number 19 that the stamp could not also be purchased at some point in the future, including after the next rate change is announced.

DBP/USPS-495. Please refer to your response to Interrogatory DBP/USPS-312. The original Interrogatory was not answered. The question was why were the responses to each of the various Insights tabulated against the premium prices that were likely to be paid as opposed to just tabulating them individually or tabulating them against some other parameter as the number of stamps the participant had on hand or for that matter the first letter of the respondent's last name.

RESPONSE:

The question was answered. Repeating that answer (partially): "the cross-tabulations enable cross-comparisons at the different rate-premium tiers."

Clearly, the survey results could not have been summarized according to all of hundreds of potential cross-tabulations. The rate-premium tiers were chosen as one (hopefully) useful cross-tabulation — certainly more useful than the first letter of the respondent's last name.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6108

DBP/USPS-496. Please refer to your response to Interrogatory DBP/USPS-314. While the data may have been obtained that way and may be available in the Library Reference, please explain why it is not included that way in the Report.

RESPONSE:

The detailed tabulations, included in USPS-LR-L-152, comprised over 200 pages. Ultimately, some things had to be pared for the summary results appearing at the beginning of the Library Reference ("Market Research Report"). In any event, both the Market Research Report and the detailed tabulations showing the desired breakout by number of stamps purchased appear in the Library Reference.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6109

DBP/USPS-497. Please refer to your response to Interrogatory DBP/USPS-315.

Please provide any data that the Postal Service has to indicate in the period following the rate increase to 39¢ the percentage of one ounce letters that only had a 37¢ stamp affixed.

RESPONSE:

The Postal Service has no data from which it could derive an estimate of that percentage during the time frame to which you appear to refer. Even without knowing that percentage or being able to offer a "best estimate," one would expect the percentage to decline as the rate change recedes further into the past.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6110

DBP/USPS-498. Please refer to your response to Interrogatory DBP/USPS-316 subpart d. A specific numerical best estimate response is desired to this Interrogatory subpart.

RESPONSE:

The Postal Service is unable to offer a "best estimate" based on two unknown variables that would be anything other than a wild guess. The original question is the equivalent of asking for an estimate of the percentage of drivers operating vehicles over the speed limit at any given moment who would be observed by the police and cited for speeding.

In both cases, in the imperfect world in which we live, it is the Postal Service's "best guess" that some unknown percentage less than 100 would be caught and cited.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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6111

DBP/USPS-499. Please refer to your response to Interrogatory DBP/USPS-323. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp and other proposed rates be approved and implemented as a result of the action in Docket R2006-1 that while the Forever Stamp will be sold prior to the effective date of the 42¢ one ounce letter rate it will be sold for 42¢ and not the 39¢ rate that would normally apply if the Forever Stamp concept was fully implemented.

RESPONSE:

Confirmed, that the Forever Stamp will initially be sold for 42 cents. Also confirmed, that in future rate case cycles, the Forever Stamp will always be sold at the contemporaneous first-ounce letter rate (if that is what is meant by full implementation of the "Forever Stamp concept).

DBP/USPS-500. Please refer to your response to Interrogatory DBP/USPS-324. Based on the response to Interrogatories DBP/USPS-319 through DBP/USPS-323, please explain why the plans do not call for implementation in the rates and classifications adopted as a result of Docket R2006-1 including the implementation of the Forever Stamp policy in a manner [such as making the appropriate DMCS changes effective prior to the rest of the rates and changes and selling the Forever Stamp for 39¢ prior to the change to the 42¢ rate] that would allow mailers to take full advantage of this concept at this time as opposed to having to wait for the next rate case to take full advantage of the concept.

RESPONSE:

If, pursuant to Docket No. R2006-1, the Forever Stamp is recommended by the Postal Rate Commission and approved by the USPS Governors, the introductory rate will be equated with the rate following from Docket No. R2006-1 for single-piece First-Class Mail one-ounce letters, which has been proposed by the Postal Service at 42 cents. That is the concept that the USPS Board of Governors directed postal management to request approval of this docket. Accordingly, postal planning is focused on that concept.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6113

DBP/USPS-501. Please refer to your response to Interrogatory DBP/USPS-336 subpart a.

[a] Did the Breast Cancer stamp ever have a postage value of 33 or 34 cents?

[b] If so, please provide full details.

RESPONSE:

[a,b] Yes. While the purchase price was 40 cents, the postage value did increase along with rate changes from 32 cents to 33 cents, and again from 33 cents to 34 cents. Also, as correction to the response to DBP/USPS-336[a], the purchase price was increased to 45 cents on March 23, 2002, not June 30 of that year. From March 23 to June 30, the postage value was 34 cents.

DBP/USPS-502. Please refer to your response to Interrogatory DBP/USPS-336

subpart b.

[a] Does the last sentence of the Postal Bulletin excerpt mean that at the present time the Postal Service must assume that the Breast Value stamp will have a postage value of 39¢ regardless of its purchase date and corresponding postage value on that date?

[b] If not, please explain.

RESPONSE:

[a] Unless there is some other indication (e.g., mailer proclamation to the contrary, or the application of additional postage implying postage value at an earlier rate), yes.

[b] N/A

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6115

DBP/USPS-503. Please refer to your response to Interrogatory DBP/USPS-336 subpart b. The next to the last sentence of the Postal Bulletin excerpt states that there is no easy way to determine the purchase date and therefore the corresponding postage value of a semi-postal stamp. Please provide any way [i.e. a non-easy way] that the Postal Service may make this determination.

RESPONSE:

There is no way, easy or non-easy.

DBP/USPS-504. Please refer to your response to Interrogatory DBP/USPS-336 subpart c. Please explain how the DMM Quick Service Guide, Section 604a will allow the Postal Service to determine whether the postage value of a Breast Cancer stamp is 32, 33, 34, 37, or 39 cents and therefore whether a one ounce letter with a Breast Cancer stamp is fully paid or requires an additional 2, 5, 6, or 7 cents postage.

RESPONSE:

There is no way to determine from DMM Quick Service Guide, Section 604a. The response to DBP/USPS-336[b] was in error. It should have said, "Please see the response to subpart [b], above."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6117

DBP/USPS-505. Please refer to your response to Interrogatory DBP/USPS-336 subpart e. If a purchaser of semi-postal stamps does not keep "records" of their purchases and also assuming that they purchase the stamp at various times when the postage value was not the same, please explain how they would know the purchase date and corresponding postage value of a specific stamp that was placed on a mailpiece.

RESPONSE:

They would probably not know, and the assumption described in the last sentence of the Postal Bulletin excerpt provided in response to DBP/USPS-336[b] would apply.

DBP/USPS-506. Please refer to your response to Interrogatory DBP/USPS-336 subpart f. If the Breast Cancer stamps were purchased at a time when the postage value was only 37¢ and a 3-ounce letter with two of these [37¢ postage value] Breast Cancer stamps already affixed was presented [at a time when the postage rate is 39¢] to a Postal Service retail window clerk to weigh and affix any necessary postage, please confirm, or explain if you are unable to confirm, that the clerk would affix only 9¢ in additional postage when the correct value of additional postage would be 13¢ and that would only occur if the mailer was aware of the postage value of the stamps and made the retail clerk aware of that information.

RESPONSE:

The scenario you describe is likely, and confirmed that mailer input would be required to impute correct additional postage of 13 cents.

DBP/USPS-507. Please refer to your response to Interrogatory DBP/USPS-336 subpart g.

[a] Please confirm that all three semi-postal stamps that have been issued have the words "First-Class" incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the Breast Cancer stamp may be utilized to pay the postage on Media Mail, that the First-Class indicia on the Breast Cancer stamp will not preclude its use on mail classes [all classes of mail to which regular denominated postage stamps may be utilized] including other than First-Class Mail.

RESPONSE:

[a] Confirmed.

[b] Confirmed.

DBP/USPS-508. Please refer to your response to Interrogatory DBP/USPS-339 subpart b.

[a] Please confirm that many of the non-denominated stamps that have been issued have the words "First-Class" incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the non-denominated stamp may be utilized to pay the postage on Media Mail, that the First-Class indicia on the non-denominated stamp will not preclude its use on mail classes [all classes of mail to which regular denominated postage stamps may be utilized] including other than First-Class Mail.

RESPONSE:

[a] Confirmed.

[b] Confirmed.

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INTERROGATORIES OF DAVID POPKIN**

6121

DBP/USPS-509. Please refer to your response to Interrogatory DBP/USPS-336 subpart c.

[a] Please confirm that some of the non-denominated stamps that have been issued have the words "Domestic Use", or words of similar import, incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the non-denominated stamp may be utilized to pay the postage on International Mail, that the words "Domestic Use", or words of similar import, on the non-denominated stamp will not preclude its use on International Mail.

RESPONSE:

[a] Confirmed. Those incorporations were prior to 1998 when it became possible to use non-denominated stamps for paying the postage on International Mail. See Postal Bulletin 21978, 8-13-98, at 20.

[b] Confirmed. See IMM Section 152.2d.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6122

DBP/USPS-510. Please refer to your response to Interrogatory DBP/USPS-340.

The following are the proposed changes that are being proposed for the DMCS:

241 FOREVER STAMP

Postage for the first ounce of a First-Class Mail Single Piece letter may be paid through the application of a Forever Stamp. The Forever Stamp is sold at the prevailing rate for Single Piece Letters, First Ounce, in Rate Schedule 221. Once purchased, the Stamp may be used for first ounce letter postage at any time in the future, regardless of the prevailing rate at the time of use.

3030 Payment of Postage and Fees

Postage must be fully prepaid on all mail at the time of mailing, except as authorized by law or this Schedule. The use of the Forever Stamp, as described in section 241, is considered full prepayment of postage for the first ounce of First-Class Mail, Single Piece Letters. Except as authorized by law or this Schedule, mail deposited without prepayment.....

SCHEDULE 221 NOTES

The price for Single Piece, First ounce, Letters also applies to sales of the Forever Stamp at the time of purchase.

[a] Please confirm, or explain if you are unable to confirm, that there are at least two possible ways that one could interpret the meaning of these proposed changes. The first interpretation that one could obtain from these proposed changes is that a Forever Stamp has one use, and one use only, and that would be to affix to a First-Class Mail letter, and not to a First-Class Mail flat or parcel, to cover the postage that was required for that letter and any other postage that was required, either for additional weight or other ancillary services, could not be paid for, in full or in part, with a Forever Stamp. The second interpretation would be that the Forever Stamp has a certain postage value [whether it is the postage value that existed at the time of purchase of the stamp or at the time of the use of the stamp need not be considered for response to this subpart] and that it may be used at its postage value on all classes of mail for which regular denominated postage stamps may be used.

[b] If there are any other possible interpretations of these proposed DMCS changes, please explain.

[c] Please confirm, or explain if you are unable to confirm, that a literal reading of the words in the proposed DMCS changes would lead one to adopt the first interpretation noted in subpart a above.

[d] Which interpretation provided in subparts a and b does the Postal Service intend to apply to the use of the Forever Stamp?

[e] If the response to subpart d above is other than the first interpretation provide in subpart a above, please explain how a literal reading of the proposed DMCS changes will provide for that interpretation.

[f] Please confirm, or explain if you are unable to confirm, that the response to

DBP/USPS-510 (continued):

Interrogatory DBP/USPS-340 could not be met by either the first or the second interpretation shown in subpart a above.

RESPONSE

- [a,f] Confirmed.
- [b] Another possible interpretation, which would be the correct one, is that the Forever Stamp is intended for use on single-piece First-Class Mail one-ounce letters. This excludes the first-ounce rate component of letters weighing more than one ounce. However, as acknowledged in the response to DBP/USPS-340, some mailers will at times use the Forever Stamp for an unintended purpose, whether a First-Class Mail flat or parcel, a First-Class Mail letter weighing more than one ounce, or another mail class altogether. The Postal Service is considering giving postage credit for such uses at the original purchase price, but a final determination has not yet been made. During the Forever Stamp's first rate cycle, from the time of its proposed inception when Docket No. R2006-1 rates are implemented, until rates are once again changed, there will be no difference between the stamp's value (proposed at 42 cents) and its purchase price (proposed at 42 cents). Therefore, how to value unintended postage uses will not be a (financial) issue. During the first rate cycle, the Postal Service will observe use of the Forever Stamp and develop a policy for unintended postage uses, which will become a financial issue in subsequent rate cycles (when the stamp's value may exceed its original purchase price).
- [c] Not confirmed. The term "first ounce" is possibly ambiguous, and the proposed DMCS changes do not explicitly prohibit the use of Forever Stamps for postage applications other than single-piece First-Class Mail one-ounce letters.
- [d] Neither. Please see the response to subpart [b], above.
- [e] Please see the response to subpart [b], above.

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INTERROGATORIES OF DAVID POPKIN**

6124

DBP/USPS-511. Please refer to your response to Interrogatory DBP/USPS-340. Please advise the significance of the use of the word "considering" on the seventh line of your response.

RESPONSE:

The Postal Service has not finalized all terms and specifications of the Forever Stamp. Use of the word signifies that no specific determination has yet been made yet to address the time frame beyond the R2006-1 rate cycle. See the response to DBP/USPS-510[b].

DBP/USPS-512. Please refer to your response to Interrogatory DBP/USPS-340. Assume for purposes of this Interrogatory that the R2006-1 Docket was implemented in 2007 as proposed and a new Docket R2009-1 was introduced in 2009 and implemented in 2010. Further, assume that a mailer purchases a number of Forever Stamps in 2008 at 42¢ each and that the R2009-1 First-Class Mail letter rate is 45¢ for the first ounce and 25¢ each additional ounce.

[a] If this mailer has a 3-ounce letter to mail in 2011 and affixes two of the 2008-purchased Forever Stamps to the mail piece, please confirm, or explain if you are unable to confirm, that the required postage would be 95¢ and that one of the Forever Stamps would be considered to have a postage value of 45¢ to cover the first ounce of this mailpiece and the other Forever Stamp would have a postage value of only 42¢ since it is covering the rate for the additional ounces and not the first ounce rate of the letter. Therefore, this 3-ounce letter would require 8¢ in additional postage.

[b] Please confirm, or explain if you are unable to confirm, that the mailpiece noted in subpart a above will have two identical Forever Stamps affixed to the letter and that they will have two separate postage values.

[c] Please discuss the level of confusion that you expect to occur when the Postal Service has two separate and different values depending on the use that is made of the stamp for the same identical stamp [particularly when they appear on the same mailpiece].

RESPONSE:

[a,b] Unable to confirm. The Postal Service has not made a final determination about postage applications other than single-piece First-Class Mail one-ounce letters (*i.e.*, unintended postage applications). Please see the responses to DBP/USPS-510[b] and DBP/USPS-511.

[c] Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN**

6126

DBP/USPS-513. Please refer to your response to Interrogatory DBP/USPS-340.

Assume for purposes of this Interrogatory that the R2006-1 Docket was implemented in 2007 as proposed and a new Docket R2009-1 was introduced in 2009 and implemented in 2010. Further, assume that a mailer purchases a number of Forever Stamps in 2008 at 42¢ each and that the R2009-1 First-Class Mail letter rate is 45¢ for the first ounce; the flat rate is 70¢ for the first ounce; the parcel rate is \$1.10 for the first ounce; and additional ounces are 25¢ for all classes.

[a] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail flat to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 28¢ based on the 70¢ rate less the 42¢ postage value of the Forever Stamp [since it is not being utilized to pay the first ounce of a letter].

[b] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail article that has one or more of the non-machinable characteristics that would require it to pay the rate for a flat to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 25¢ based on the 70¢ rate less the 45¢ postage value of the Forever Stamp [since it is being utilized to pay the first ounce of a letter - albeit not a machinable letter].

[c] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail parcel to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 68¢ based on the \$1.10 rate less the 42¢ postage value of the Forever Stamp [since it is not being utilized to pay the first ounce of a letter].

[d] Please discuss the level of confusion that might result from the existence of the above and similar scenarios.

RESPONSE:

[a-c] Unable to confirm. The Postal Service has not made a final determination about postage applications other than single-piece First-Class Mail one-ounce letters (*i.e.*, unintended postage applications). Please see the responses to DBP/USPS-510[b] and DBP/USPS-511.

[d] Not applicable.

DBP/USPS-514. Please refer to your response to Interrogatory DBP/USPS-340.

[a] Please confirm, or explain if you are unable to confirm, that the main reason for choosing not to utilize the concept of "forever value" but rather utilizing the original purchase price of the stamp is to reduce the added loss of revenue.

[b] Please provide an estimate of the additional loss of revenue that would be expected to occur if that policy were changed.

[c] Please provide an estimate of the additional cost that would be expected to occur [due to the added confusion factor or other reasons] if that policy were not changed.

[d] Please provide the calculations and reasoning behind the estimates provided in response to subparts b and c above.

RESPONSE:

[a] Unable to confirm. The approach discussed in the response to DBP/USPS-340 is only under consideration. It has not been chosen.

[b] The Postal Service does not have such an estimate.

[c] The Postal Service does not have such an estimate.

[d] Not applicable.

DBP/USPS-515. Please refer to your response to Interrogatory DBP/USPS-350. In the response to Interrogatories DBP/USPS-345[a] and DBP/USPS-347, it was indicated that for the implementation of this current Docket, the Forever Stamp will take the place of the usual non-denominated stamp that has been traditional for the past many rate changes.

[a] Please advise all of the formats that a 39¢ non-denominated stamp was issued in the past rate change.

[b] Since a standard non-denominated stamp will not be issued in a number of formats, including a coil of 100, please advise why mailers will not have the ability to obtain Forever Stamps in a coil format.

RESPONSE

[a] The nondenominated stamp with a postage value of 39 cents was issued in pane, coil, booklet, and "sheetlet" formats.

[b] As a correction to the Postal Service's responses to DBP/USPS-345(a) and 347, we are still in the process of evaluating the formats for the nondenominated First Class single piece one ounce letter rate for 2007.

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6129

DBP/USPS-516. Please refer to your response to Interrogatory DBP/USPS-358 subpart a, Please confirm, or explain if you are unable to confirm, that placing a single letter on a stamp in place of a numerical value will not affect the ability to produce more attractive transition stamps.

RESPONSE:

By definition, non-denominated stamps do not show a "numerical value."

Therefore, an identifying letter cannot be "in place of" a numerical value on a non-denominated stamp.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN

6130

DBP/USPS-517. Please refer to your response to Interrogatory DBP/USPS-358 subpart c, Please reanswer this Interrogatory after eliminating the word "much" from the original Interrogatory.

RESPONSE:

Both systems will require looking up the value of the stamp (assuming it is not committed to the Retail Associate's memory), and Quick Service Guide Section 604a, which graphically depicts all nondenominated stamps in descending chronological order, is not necessarily more difficult to cross-reference than a key to a letter scheme.

DBP/USPS-518. Please refer to your response to Interrogatory DBP/USPS-361 subpart a. Please resolve the conflict between the response to subpart a which states that no concerns have been developed and lines 7 to 13 on page 23 of T-48 which states that there are concerns.

7 Accordingly, the Postal Service is concerned that its philatelic
8 programs may be subjected to some risk, as a result of the Forever Stamp. We
9 have similar concerns about unanticipated effects on our stamp programs
10 generally. Time and experience will tell whether these programs will be
11 affected
12 as a result of general availability of the Forever Stamp. In light of the
13 excellence
14 and high public appeal of our stamp programs, careful monitoring of Forever
15 Stamp usage merits close attention.

RESPONSE:

The response to DBP/USPS-361 indicated that at the current time, the Postal Service has no specific, identifiable concerns. USPS-T-48, at 23, lines 7 to 13, acknowledges that some *unanticipated* effects could materialize depending on how the mailing public takes to the Forever Stamp. (Emphasis added.) If these effects are unanticipated, they cannot presently be identified. Accordingly, there is no conflict to resolve.

INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-519. Please refer to your response to Interrogatory DBP/USPS-409. The response to Interrogatory DBP/USPS-48 subpart b filed on July 20, 2006, stated that there were no corrections necessary to the EXFC mailpiece chart. Comparison with the chart filed with the response to Interrogatory DBP/USPS-409 showed a number of apparent updates from the original chart particularly in the dimensions of the mailpieces and elimination of the Code G mailpiece.

- [a] Please advise whether the Chart filed on July 20, 2006 in response to Interrogatory DBP/USPS-48 or the Chart filed on August 7, 2006 in response to Interrogatory DBP/USPS-409 contains the correct information.
- [b] Please advise why the July 20, 2006, response stated "None were necessary" when apparently a number of corrections or updates were necessary.

RESPONSE:

a-b. Both contain correct information. Contrast the first line of the response to DBP/USPS-409 with the explicit time frame in DBP/USPS-48.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
DAVID B. POPKIN INTERROGATORY

DBP/USPS-524 Please refer to your response to Interrogatory DBP/USPS-167. This follow-up Interrogatory is being filed today [since it must be filed within 7 days] without prejudice to my Motion to Compel a full response to the original Interrogatory. Your response indicates that I should refer to the response to Interrogatory DBP/USPS-127 filed in Docket R2005-1 as follows: DBP/USPS-127. Please refer to your response to DBP/USPS-88.

(a) Please confirm, or explain if you are unable to confirm, that the data provided in response to Interrogatory DBP/USPS-65 subpart d in Docket R2001-1 is still correct for the 20 referenced offices.

(b) Please provide an estimate as to the number of additional post offices that would be added to the listing if a complete study was made.

(c) Since most of the offices appear to be in Alaska, has the District Manager of the Alaska District been queried as to the offices in his District that do not have 6-day a week mail service? If not, why not? If so, what was the response?

RESPONSE:

(a) The data is still correct for 15 of the 20 offices cited. The offices of Chitina, Chignik, Chignik Lagoon, Eagle, and King Cove are currently receiving shipments of Express Mail six days per week.

(b) As noted in the response to DBP/USPS-88, a complete study would produce list that is substantially similar in both size and scope to the one provided in response to DBP/USPS-65(d) in Docket No. R2001-1. A quantitative estimate by which the number of offices on that list would increase (or decrease) cannot be provided because no complete study has been undertaken.

(c) The District Manager has been queried and responds that the service being provided is a longstanding traditional service to very unique and remote areas that are experiencing no growth whatsoever, that an appropriate level of service is being provided, and that there are no initiatives under consideration to change the present level of service.

[a] Please refer to the response to subpart c of Docket R2005-1 Interrogatory and provide a response from the District Manager of the Alaska District showing which offices in his District that do not have 6-day a week mail service. The response that was originally made did not respond to the request that was made but attempted to explain and justify why there are offices that do not have 6-day a week mail service.

[b] The response to Interrogatory DBP/USPS-380 appears to indicate that there are some instances where there are excessive distances [or lack of transportation] to meet the guaranteed delivery standards. Please explain.

RESPONSE:

(a) Objection filed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
DAVID B. POPKIN INTERROGATORY

(b) The response to interrogatory DBP/USPS-380 discusses the setting of service standards, rather than the ability of the Postal Service to meet the standards that are set.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-525 Please refer to your response to Interrogatory DBP/USPS-399 subpart d. Please advise the wording of the rule and DMCS wording that will be adopted to indicate this change and when the filing will be amended to accomplish this change.

RESPONSE:

There has been no determination concerning the wording of any such rules, nor a determination concerning proposed changes to the DMCS, if any.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-526 Please refer to your response to Interrogatory DBP/USPS-400 subpart e. Please explain why you were not able to confirm the DW weight of 82 pounds for the sample parcel that was referenced. My calculation would be as follows:
 $71 \text{ [the diameter]} \times 71 \text{ [the diameter]} \times 4 \text{ [the rounded value of } 12 \text{ divided by } \pi] \times 0.785 \text{ divided by } 194$.

RESPONSE:

Your calculation, as explained above (but not in DBP/USPS-400), apparently assumes a circular cross-section (where the diameter can be calculated as 3.82 inches, rounding up to 4 inches). That is not necessarily the case, and is certainly not the case for a tire, which has an irregularly shaped cross-section. Without knowledge of the shape of the cross-section, the dim weight of 82 pounds could not be confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-527 Please refer to your response to Interrogatory DBP/USPS-401. Please confirm, or explain if you are unable to confirm, that for all shapes and sizes of parcels the determination of whether the parcel exceeds one cubic foot [so as to be subject to the DW calculation] will be accomplished by multiplying three dimensions [in inches] and then dividing by 1728 and that the DW will be calculated by multiplying the same three dimensions then multiplying by 0.785 if the parcel is not a rectangular solid and then dividing by 194.

RESPONSE:

Not confirmed, and that is not what was indicated in the response to DBP/USPS-401.

For purposes of determining dim-weight eligibility, the cubic volume of a parcel will be determined as $(L \times W \times H)/1,728$ if the parcel is regularly shaped (a "rectangular solid"), and as $[(L \times W \times H) \times 0.785]/1,728$ if the parcel is irregularly shaped (not a "rectangular solid"). The 0.785 irregularly shaped parcel adjustment factor is invoked during cubic assessment of the parcel (if irregularly shaped), not just in the dim-weight calculation as stated in your interrogatory.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-528 Please refer to your response to Interrogatory DBP/USPS-289 subpart a. My original Interrogatory contemplated the following scenario:

1. An article was deposited in a collection box on Monday at 4 PM
2. The final collection time on the box was scheduled at 5 PM
3. The Monday collection was missed
4. The mail was collected at 5 PM on Tuesday
5. The mail was entered into the PTS on Tuesday
6. The mail from NJ to DC which is normally a 2-day standard arrived and was delivered in DC on Thursday. The PTS would show a delivery time of two days when in fact it was actually three days. Please respond to the original Interrogatory.

RESPONSE:

The original interrogatory subpart cited above, DBP/USPS-289(a), asked the Postal Service to "confirm, or explain if you are unable to confirm, that if a Priority Mail article was not collected or picked-up as scheduled it would not be reflected in the results."

The instant interrogatory does not appear to be related to DBP/USPS-289(a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-529 Please refer to your response to Interrogatory DBP/USPS-289 subpart e. The original Interrogatory utilized the words "may cause some mailers". Please explain why you are unable to confirm that this condition MAY cause SOME mailers to utilize Express Mail.

RESPONSE:

The Postal Service could not confirm the interrogatory as it was written. There are many reasons why mailers might choose Express Mail over Priority Mail, and the Postal Service is not clairvoyant so that it can discern whether some individual mailers have their decisions caused by mistaken understandings concerning service standards.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-530 Please refer to your response to Interrogatory DBP/USPS-289 subpart g. Most of the Delivery Confirmation articles that I receive have an "Arrival at Unit" scan which is made at the Post Office Annex before the mail is sent up to the Main Post Office where I have my post office box. My perception is that Delivery Confirmation mail is all scanned with an Arrival at Unit scan and will have to be "held out" in an area and then each of the articles will be scanned and then forwarded on for delivery. Please respond to this scenario.

RESPONSE:

DBP/USPS-289, subpart g, asked the Postal Service to "[p]lease confirm, or explain if you are unable to confirm, that Delivery Confirmation service may actually slow up the delivery of the mailpiece since it requires that the mailpiece be held out for scanning."

The Postal Service did not confirm this interrogatory because a mailpiece is not held out for scanning. The carrier provides a scan when the piece is delivered. Your perception, as described in this interrogatory, is not correct.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-531 Please refer to your response to Interrogatory DBP/USPS-289 subparts h and i. Which specific answers in the referenced OCA responses refer to my questions?

RESPONSE:

OCA/USPS-69 (a)-(c), 70 (d) and 71 (c). In summary, PTS is an actual piece measurement system using customer-purchased Priority Mail Delivery Confirmation at postal retail units nationwide. The sample size is large and the unique Delivery Confirmation number provides accurate acceptance and delivery dates and times, and measures the actual customer experience.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
DAVID B. POPKIN INTERROGATORY

DBP/USPS-532 Please refer to your response to Interrogatory DBP/USPS-289 subparts d and e. Your responses to these two subparts appear to be conflicting. Please explain why your response to subpart d states that I may direct my PO-PO Express Mail to either of the two facilities that utilize the same 5-digit ZIP Code and your response to subpart e states that I am restricted to only certain facilities that may use the same 5-digit ZIP Code.

RESPONSE:

The Postal Service assumes that this interrogatory is a follow-up to the response to DBP/USPS-281 rather than DBP/USPS-289.

The responses to parts (d) and (e) of DBP/USPS-281 do not conflict. The response to part (d) does not state, as your question asserts, that a mailer "may direct [his or her] PO-PO Express Mail to either of the two facilities that utilize the same 5-digit ZIP Code." It instead discusses how a mailer is "advised" of the facility that a PO-PO Express Mail piece will be sent to for claim.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-533 Please refer to your response to Interrogatory DBP/USPS-289 subparts b and c. Your response did not respond to the very specific questions that were posed in the original Interrogatory subparts.

RESPONSE:

The instant interrogatory does not appear to be related to DBP/USPS-289 (b) and (c), to which the Postal Service provided specific responses.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-536. Please refer to your response to Interrogatory DBP/USPS-374. Please confirm, or explain if you are unable to confirm, the only claim [beyond the refund of postage] that may be paid for the delay of Express Mail beyond its guaranteed delivery time is for document reconstruction and that the term documents is defined [as are the conditions for a document reconstruction claim] at the end of DMM Section 609.4.2.a.

RESPONSE:

Not confirmed. See DMM Section 609.4.3ae.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-537 Please refer to your response to Interrogatory DBP/USPS-376 subpart a. Please confirm, or explain if you are unable to confirm, that the guide that was attached to the Interrogatory response and Notice 3A referenced in response to Interrogatory DBP/USPS-11 do not provide any additional guidelines to postal acceptance clerks but only serve to take the appropriate DMM wording that already exists and place it in a convenient format.

RESPONSE

Not confirmed. The Notice 3A does more than place words in a convenient format.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-538 Please refer to your response to Interrogatory DBP/USPS-376 subpart b. [a] Please confirm, or explain if you are unable to confirm, that the uneven application of requirements is not a desirable condition. [b] Please advise the steps that the Postal Service takes or is planning to take to correct this condition.

RESPONSE

- (a) Confirmed.
- (b) The dissemination of the materials referenced in the response already addresses the matter.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-539 Please refer to your response to Interrogatory DBP/USPS-377 subpart a. [a] Please confirm, or explain if you are unable to confirm, that if a mailer places an index card that measures 3 inches by 5 inches into a standard number 10 envelope that the thickness of the mailpiece will be uneven because the thickness of the mailpiece will be different in the place where the card is as opposed where the card is not and yet the mailpiece will not be charged the nonmachinable surcharge. [b] Please confirm, or explain if you are unable to confirm, that the nonmachinable surcharge will only apply if the uneven thickness is caused in a significant manner such as would be caused by placing an item such as a pen, pencil, or loose keys or coins in the envelope. [c] Please confirm, or explain if you are unable to confirm, that the difference between the scenario described in subpart a above and the scenario described in subpart b above is a subjective one and there are no guidelines other than the specific wording of the DMM to base that subjective decision on.

RESPONSE

- (a) It cannot be confirmed that every such piece will be perceptibly uneven. In any event, the surcharge will not apply.
- (b) Please see the response to DBP/USPS-377. This question has been previously asked and answered.
- (c) Not confirmed. The Subpart A Scenario involves so much objective common sense that there is no need to address it in a regulation.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-540 Please refer to your response to Interrogatory DBP/USPS-378. A standard 6- by 9-inch kraft envelope with a metal clasp will be charged the nonmachinable surcharge if it weighs less than one ounce under the provisions of DMM Section 101.1.2.c.

Is the rationale for the application of the surcharge based on:

- [a] the unevenness of the mailpiece caused by the thickness of the physical clasp?
- [b] the ability of the clasp to catch on something else during processing?
- [c] the rigidness of the mailpiece caused by the metal clasp?
- [d] If there is any other specific physical condition for the application of the surcharge, please specify.

RESPONSE

- (a) DMM 101.1.2c does not address thickness. See DMM 101.1.2d and 2f.
- (b) Yes.
- (c) DMM 101.1.2c does not address rigidity. See DMM 101.1.2e.
- (d) Depending on the mail piece, there are other criteria specified in DMM 101.1.2 that could trigger application of the surcharge.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-541 Please refer to your response to Interrogatory DBP/USPS-415.

[a] Please confirm, or explain if you are unable to confirm, that when either a customer or retail window clerk makes a measurement he/she will place the ruler up against the length that is being measured and observe the starting [usually the zero point] and ending point on the ruler to determine the length being measured.

[b] Please confirm, or explain if you are unable to confirm, that when measuring a boxshaped mailpiece it is usually possible to hold the ruler up against all three dimensions of the mailpiece and obtain a reasonably accurate measurement of the height, length, and width of the box-shaped mailpiece.

[c] Please confirm, or explain if you are unable to confirm, that when measuring an envelope it is usually possible to hold the ruler up against only the length and width of the mailpiece and thereby obtain a reasonably accurate measurement of only the length and width of the envelope.

[d] Please confirm, or explain if you are unable to confirm, that when utilizing an envelope as the enclosure for a mailpiece the maximum thickness of the mailpiece will occur at a point which is in the interior of the mailpiece, as opposed to along the edge such as would be if the mailpiece was a box, and therefore it will not be possible to place the ruler against the dimension being measured.

[e] Please confirm, or explain if you are unable to confirm, that when attempting to measure the thickness of an envelope using a ruler only, it will be necessary to hold the ruler perpendicular to the plane of the mailpiece and sight along the surface of the mailpiece and attempt to estimate the starting and ending points on the ruler of the maximum thickness of the mailpiece and then determine the measurement by subtracting those two observations.

[f] Please confirm, or explain if you are unable to confirm, that the measurement determined by the method described in subpart e above will be more of an estimate and will not be as accurate as the measurements obtained by the method described in subparts a through d above.

RESPONSE

(a) That is a common approach.

(b) That is usually the case.

(c) That is usually the case.

(d) That is often the case, but it is also often the case that the maximum thickness point will be so close to the edge as to make the fact that it is not absolutely, precisely smack dab on the edge meaningless for purposes of reliable and accurate measurement.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

RESPONSE to DBP/USPS-541 (continued):

- (e) Not confirmed that this is the only method. The mail piece can also be placed on flat surface and the ruler can be placed next to it on the same flat surface, so that the measurement starts at zero and no subtraction is necessary.
- (f) The Postal Service has no empirical basis for concluding that there is a meaningful degree of difference in accuracy of the two methods or that one is always more precise than the other.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-542 Please refer to your response to Interrogatory DBP/USPS-415.

[a] Please confirm, or explain if you are unable to confirm, that under the proposed shapebased First-Class Mail rates being proposed, it will be necessary to know which of the following range of thicknesses is the maximum thickness of a mailpiece falls into:

1. less than 0.25 inches
2. between 0.25 and 0.75 inches
3. over 0.75 inches

[b] Based on the responses to Interrogatory DBP/USPS-541 and to subpart a above, what methods will the retail window clerks be utilizing to determine the maximum thickness of a mailpiece so as to determine whether to apply the letter, flat, or parcel rates?

[c] Based on the responses to Interrogatory DBP/USPS-541 and to subpart a above, what methods will the majority of mailers be able to utilize to determine the maximum thickness of a mailpiece so as to determine whether to apply the letter, flat, or parcel rates?

RESPONSE

- (a) Confirmed.
- (b) They can be expected to use rulers and/or Notice 3As to measure the pieces.
- (c) They can measure the pieces using rulers, refer to the DMM, and rely on postal window clerks for assistance.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-543 Please refer to your response to Interrogatory DBP/USPS-415.

[a] Please confirm, or explain if you are unable to confirm, that the usual method of mailing sheets of 8-1/2- by 11-inch paper in a standard number 10 envelope is to fold the paper into thirds.

[b] Please confirm, or explain if you are unable to confirm, that normally four or five sheets of 8-1/2- by 11- inch paper in a standard number 10 envelope will be the limit for one ounce.

[c] Please confirm, or explain if you are unable to confirm, that standard folding [as opposed to "careless" folding] of four or five sheets of paper placed into a standard number 10 envelope will not cause the maximum thickness of the envelope to exceed 0.25 inches.

[d] Please confirm, or explain if you are unable to confirm, that under the present regulations once a First-Class Mail article exceeds one ounce its shape or thickness will be irrelevant [assuming that it does not exceed the 108-inch maximum length plus girth] to determining the necessary postage.

[e] Please confirm, or explain if you are unable to confirm, that under the proposed regulations there will be a financial incentive to place 8-1/2- by 11-inch sheets of paper into a standard number 10 envelope as opposed to placing unfolded into a 9- by 12-inch flat envelope.

[f] Please confirm, or explain if you are unable to confirm, that as a mailer increases the number of sheets of paper that he/she is attempting to place into a standard number 10 envelope it will require more care in folding and compressing the enclosure into the envelope and that even though the mailpiece has been compressed it will expand somewhat after the pressure has been removed.

[g] Please confirm, or explain if you are unable to confirm, that in placing sheets of 8-1/2-by 11-inch sheets of paper into a standard number 10 envelope it will be necessary to fold the paper and the mailer will apply pressure to the fold to compress the enclosure as much as possible before and after placing it into the envelope.

[h] Your response stated that, "Measurement should be made without compressing a mail piece". Please explain the difference between "without compressing" [by which you state the measurement should be made before] and folding the paper into thirds and applying pressure to the fold to compress the enclosure as much as possible [which is necessary to insert the paper into the envelope].

[i] Please discuss and reanswer the procedure to determine the thickness of a mailpiece as it relates to compression and expansion of the mailpiece.

RESPONSE

(a) The Postal Service confirms that that is a common method.

(b) The Postal Service confirms that that can be the case.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

RESPONSE to DBP/USPS-543 (continued):

- (c) The Postal Service lack sufficient information with which to know what, in *your* mind, differentiates "standard" folding and "careless" folding to be able to answer this question. It is confirmed that different folding methods and techniques can produce different results. It is confirmed that four or five sheets of paper can be folded and inserted in an envelope in such a manner as to create a mail piece that does not exceed 0.25 inches in thickness.
- (d) Confirmed.
- (e) Some mailers who are indifferent to whether the contents of a mail piece are folded may view it that way. Others may not want the contents folded under any circumstances and will not consider that they have any financial incentive to fold.
- (f) Depending on the level of care taken with fewer sheets, it may not be necessary to take "more" care with more sheets. The Postal Service has not conducted studies on relative levels of folding care, compression and expansion, as they may relate to the number of sheets in an envelope, to be able to respond to this interrogatory.
- (g) Not confirmed. Only a necessary amount of pressure is required. Application of "as much pressure as possible," like many an interrogatory in this series, is unnecessary.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

RESPONSE to DBP/USPS-543 (continued):

(h-i) The common sense interpretation of the quoted response is that it refers to compression *after* the mail piece has been sealed. Accordingly, there is no need to explain any difference or to re-answer any question.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-544 Please refer to your response to Interrogatory DBP/USPS-415. Please refer to the last sentence of your response and explain how a postal service window clerk will be able to provide any assistance to resolve the scenarios referenced in Interrogatories DBP/USPS-541 to DBP/USPS-543.

RESPONSE

The clerk will expertly utilize available tools, measure the piece, assess postage, and communicate the assessment to a customer.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-545 Please refer to footnote 2 on page 6 of the Testimony USPS-T-38 revised on August 10, 2006 and Witness Yeh's oral testimony on August 11, 2006.

[a] Please confirm, or explain if you are unable to confirm, that presently a mailer who is aware of the regulations for the preparation of Bound Printed Matter and the postage that is required for the mailpiece will be able to bring the mailpiece to an Automated Postal Center [APC], obtain the required postage from the APC, and deposit the mailpiece into the APC mail deposit drop.

[b] Please confirm, or explain if you are unable to confirm, that the same capability will be available under the proposed regulations.

RESPONSE:

(a) Confirmed.

(b) No changes are planned to APC programming with respect to the change discussed in footnote 2.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

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DBP/USPS-546 Please explain the significance of including an eleven-page Motion of Douglas F. Carlson relating to DFC/USPS-RA-1 as pdf pages 144 through 154 of the Forever Stamp Library Reference USPS-LR-L-152 revised July 27, 2006.

RESPONSE

The obviously inadvertent inclusion of an irrelevant document in a Library

Reference has as much significance as an interrogatory asking

about an obviously inadvertent inclusion of an irrelevant document in a

Library Reference -- none.

DBP/USPS-547. Please refer to your response to Interrogatory DBP/USPS-366. Assume for purposes of this Interrogatory that the Forever Stamp regulations have been implemented as proposed and that the following omnibus rate case has been approved and implemented where the one-ounce First-Class Mail letter rate is 45¢ and the one-ounce flat rate is 65¢.

[a] May the mailer of a one-ounce First-Class Mail flat utilize a Forever Stamp [purchased when the First-Class Mail letter rate was 42¢] and a regular 20¢ postage stamp to fully pay the postage.

[b] If not, why not?

[c] May the mailer of a one-ounce First-Class Mail flat utilize a Forever Stamp [purchased when the First-Class Mail letter rate is 45¢] and a regular 20¢ postage stamp to fully pay the postage.

[d] If not, why not?

[e] Please explain how the mailer will be able to distinguish between the Forever Stamp utilized in the scenario described in subpart a above and the Forever Stamp utilized in the scenario described in subpart c above.

[f] Please explain how the Postal Service will be able to distinguish between the Forever Stamp utilized in the scenario described in subpart a above and the Forever Stamp utilized in the scenario described in subpart c above.

[g] Please confirm, or explain if you are unable to confirm, that mailer and Postal Service confusion will result from the policy involved in making your responses to the above subparts of this Interrogatory.

RESPONSE:

[a - f] Beyond the first rate cycle (from implementation of Docket No. R2006-1 rates until the next rate change), the Postal Service has not made a final determination about unintended postage applications, *i.e.*, applications other than single-piece First-Class Mail one-ounce letters. Please see the response to DBP/USPS-510[b].

[g] As stated in the response to DBP/USPS-510[b], the Postal Service will observe use of the Forever Stamp during the first rate cycle, and develop a policy for unintended applications such as the ones described in subparts [a] and [c] above. Minimizing potential mailer confusion will certainly be one of the Postal Service's objectives in this policy.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6159

DBP/USPS-548. Please refer to your response to Interrogatory DBP/USPS-368. Assume for purposes of this Interrogatory that the Forever Stamp regulations have been implemented as proposed and that the following omnibus rate case has been approved and implemented where the one-ounce First-Class Mail letter rate is 45¢ and the one-ounce parcel rate is \$1.10.

[a] May the mailer of a one-ounce First-Class Mail parcel utilize a Forever Stamp [purchased when the First-Class Mail letter rate was 42¢] and a regular 65¢ postage stamp to fully pay the postage.

[b] If not, why not?

[c] May the mailer of a one-ounce First-Class Mail parcel utilize a Forever Stamp [purchased when the First-Class Mail letter rate is 45¢] and a regular 65¢ postage stamp to fully pay the postage.

[d] If not, why not?

[e] May the mailer of a one-ounce First-Class Mail parcel utilize two Forever Stamps [purchased when the First-Class Mail letter rate was 42¢] and a regular 20¢ postage stamp to fully pay the postage.

[f] If not, why not?

[g] May the mailer of a one-ounce First-Class Mail parcel utilize two Forever Stamps [purchased when the First-Class Mail letter rate is 45¢] and a regular 20¢ postage stamp to fully pay the postage.

[h] If not, why not?

[i] Please explain how the mailer will be able to distinguish between the Forever Stamp utilized in the scenario described in subpart a above and/or the Forever Stamp utilized in the scenario described in subpart c above and/or the Forever Stamp utilized in the scenario described in subpart e above and/or the Forever Stamp utilized in the scenario described in subpart g above.

[j] Please explain how the Postal Service will be able to distinguish between the Forever Stamp utilized in the scenario described in subpart a above and/or the Forever Stamp utilized in the scenario described in subpart c above and/or the Forever Stamp utilized in the scenario described in subpart e above and/or the Forever Stamp utilized in the scenario described in subpart g above.

[k] Please confirm, or explain if you are unable to confirm, that mailer and Postal Service confusion will result from the policy involved in making your responses to the above subparts of this Interrogatory.

RESPONSE:

[a - j] Beyond the first rate cycle (from implementation of Docket No. R2006-1 rates until the next rate change), the Postal Service has not made a final determination about unintended postage applications, *i.e.*, applications other than single-piece First-Class Mail one-ounce letters. Please see the response to DBP/USPS-510[b].

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

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RESPONSE to DBP/USPS-548 (continued):

- [k] As stated in the response to DBP/USPS-510[b], the Postal Service will observe use of the Forever Stamp during the first rate cycle, and develop a policy for unintended applications such as the ones described in subparts [a], [c], [e] and [g] above. Minimizing potential mailer confusion will certainly be one of the Postal Service's objectives in this policy.

DBP/USPS-549. Please refer to your response to Interrogatory DBP/USPS-367. Assume for purposes of this Interrogatory that the Forever Stamp regulations have been implemented as proposed and that the following omnibus rate case has been approved and implemented where the one-ounce First-Class Mail letter rate is 45¢ and the one-ounce flat rate [which is the rate also required for letters that have one or more nonmachinable characteristics] is 65¢. Further assume that a mailer deposits two, one-ounce First-Class Mail articles that require postage at the flat rate of postage [65¢] either because the piece exceeds the dimensions for a letter or the mailpiece has one of the non-machinable characteristics. One of the articles has the postage paid with a Forever Stamp [purchased when the First-Class Mail letter rate was 42¢] and the second article has the postage paid with a regular, denominated 45¢ stamp.

[a] Will both articles be treated in the same manner with respect to either being returned for additional postage and/or collection of postage due upon delivery?

[b] Please advise what action will be taken on each of these two mailpieces.

[c] Please provide the rationale for your responses to subparts a and b.

Now assume that a mailer deposits two, one-ounce First-Class Mail articles that require postage at the flat rate of postage [65¢] either because the piece exceeds the dimensions for a letter or the mailpiece has one of the non-machinable characteristics. One of the articles has the postage paid with a Forever Stamp [purchased when the First-Class Mail letter rate is 45¢] and the second article has the postage paid with a regular, denominated 45¢ stamp.

[d] Will both articles be treated in the same manner with respect to either being returned for additional postage and/or collection of postage due upon delivery?

[e] Please advise what action will be taken on each of these two mailpieces.

[f] Please provide the rationale for your responses to subparts a and b.

[g] Please explain how the mailer will be able to distinguish between the Forever Stamp utilized in the scenario described in subparts a/b/c above and the Forever Stamp utilized in the scenario described in subparts d/e/f above.

[h] Please explain how the Postal Service will be able to distinguish between the Forever Stamp utilized in the scenario described in subparts a/b/c above and the Forever Stamp utilized in the scenario described in subparts d/e/f above.

[i] Please confirm, or explain if you are unable to confirm, that mailer and Postal Service confusion will result from the policy involved in making your responses to the above subparts of this Interrogatory.

RESPONSE:

[a - h] Beyond the first rate cycle (from implementation of Docket No. R2006-1 rates until the next rate change), the Postal Service has not made a final determination about unintended postage applications, *i.e.*, applications other than single-piece First-Class Mail one-ounce letters. Please see the

RESPONSE to DBP/USPS-549 (continued):

response to DBP/USPS-510[b]. To the extent that any pieces are shortpaid, assuming no changes in the DMM, section 604.8.1.1 would apply. Please see the response to DBP/USPS-316[a] - [c].

- [i] As stated in the response to DBP/USPS-510[b], the Postal Service will observe use of the Forever Stamp during the first rate cycle, and develop a policy for unintended applications such as First-Class Mail articles requiring postage at the rate for flats, as described above. Minimizing potential mailer confusion will certainly be one of the Postal Service's objectives in this policy.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6163

Revised: August 29, 2006

DBP/USPS-550. Please refer to your response to Interrogatory DBP/USPS-299. In Question 1a of the Small Business Version, the interview will be terminated if the person is not the one using the U.S. Postal Service for mailing and shipping needs. Please explain why this did not refer to the purchasing of stamps rather than mailing and shipping needs.

RESPONSE:

The survey targeted decision-makers about mailing and shipping needs, which includes purchasing stamps. Someone who simply purchases stamps may be doing so at another's direction.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6164

Revised: August 29, 2006

DBP/USPS-551. Please refer to your response to Interrogatory DBP/USPS-299. In questions 18 through 24 and 29 through 30 of the Small Business Version and questions 18 through 24 of the Consumer Version, there were different scenarios supposed to be asked to different small business owners. What method was utilized to randomly assign different respondents to different groups?

RESPONSE:

The randomization is a built-in function of the CATI (Computer Assisted Telephone Interviewing) software which is produced by Computers for Marketing Corporation (CfMC).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

6165

DBP/USPS-552. Please refer to your response to Interrogatory DBP/USPS-299. The instructions for Question 28 refer to "SKIP TO Q29", however, Question 29 does not appear in the Library Reference.

RESPONSE:

The last page of the consumer survey questionnaire, containing questions 29 and 30, is inadvertently missing in the Library Reference. The missing page is attached.

NO PREMIUM WITH LIMITATIONS

READ INTRODUCTION: The Postal Service may or may not charge a premium for the forever stamp. Please listen to these options and tell me which one you would prefer.

PROGRAMMER: ROTATE ORDER OF PRESENTATION SO 50% ARE ASKED Q 26 FIRST and 50% ARE ASKED Q27 FIRST.

PROGRAMMER: FOR Qs 28 and 29, INSERT FIRST PREMIUM THAT RESPONDENT WAS READ IN Q19/20 ROTATION. EXCEPTION: FOR "0" CENT PREMIUM, SAY "1" CENT PREMIUM. THEREFORE NO ONE WILL BE ASKED ABOUT "0" CENT PREMIUM. THE PREMIUMS TO BE TESTED ARE 1,3, and 6 cents.

29. Suppose the Postal Service offered a forever stamp with no premium or surcharge, so that the price would be the current rate for First-Class postage which is 39 cents, but the forever stamp would only be available for sale for two months before a rate change. Would you prefer to buy the forever stamp with no premium during the two months before a rate change or would you prefer to pay a [XX] cent(s) premium for the forever stamp and retain the ability to buy the forever stamp all year round?

- 1 PAY NO PREMIUM, BUY 2 MONTHS PRIOR
- 2 PAY PREMIUM, BUY ALL YEAR
- X DK/REF

READ BEFORE SECOND OPTION: Here is another option.

30. Suppose the Postal Service offered a forever stamp with no premium or surcharge so that the price would be at the current rate for First-Class postage which is 39 cents, but makes it available in a limited quantity, whereby you could only purchase 20 stamps or less at a time. Would you prefer to buy the forever stamp in limited quantities at 39 cents or would you prefer to pay a [XX] cents premium for the forever stamp and retain the ability to buy as many forever stamps as you desire?

- 1 PAY NO PREMIUM, BUY 20 OR LESS AT A TIME
- 2 PAY PREMIUM, BUY AS MANY STAMPS AS DESIRED
- X DK/REF

CONTINUE WITH NEXT CARAVAN SECTION

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-556

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBP/USPS-264. Please provide any reasons that you believe that the experiences observed in these two Districts would not be similarly observed country-wide.

RESPONSE:

The POS ONE (and IRT) software has been changed since the OIG audit was performed. Software changes were effective in early November 2005.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-557

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBP/USPS-264.

On page i of the Report it states that retail associates will be required to enter the length, width, and height of some parcels into POS ONE.

[a] Please advise the characteristics of those parcels that will require entering the dimensions into the POS ONE.

[b] Have the modifications to the POS ONE system been completed to allow for the way retail associates measure parcels?

[c] If not, please advise the implementation schedule.

[d] Please confirm, or explain if you are unable to confirm, that entering the data into the POS ONE will perform the necessary calculations and determination of the proper postage, including any surcharge.

RESPONSE:

- a. For Priority Mail (not flat rate envelopes) weighing 1.5001 – 14.0 lb. and Parcel Post weighing at least 6 oz., POS ONE requires the retail associate (RA) to indicate what kind of packaging has been used for the article. If the article is not in packaging of known size (i.e., not in a USPS-supplied container), POS ONE requires the RA to enter the length. If the length (which is the longest dimension) is such that a surcharge is possible, the system also requires entry of width and depth (or girth if the article is irregular in shape).
- b.& c. The POS ONE changes were completed in November 2005.
- d. POS ONE evaluates the information entered by the RA, assigns the appropriate surcharge(s), and calculates the proper postage.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-558

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBP/USPS-264. Please confirm, or explain if you are unable to confirm, that the POS ONE determinations will still require the ability of the retail associate recognizing the necessity of entering the dimension data into the POS ONE.

RESPONSE:

The POS ONE changes do not depend on the RA's recognizing the necessity of entering dimension data. Please see the response to DBP/USPS-557(a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-559

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBP/USPS-264. Please explain the concerns that the 7.9% compliance rate that this study revealed will have on the level of compliance that will be expected with the implementation of the dim-weight program.

RESPONSE:

With the implementation of the dim-weight program, the Postal Service will make further appropriate changes to POS ONE/IRT so that retail associates are required to measure packages when necessary.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-560

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBP/USPS-264. Please advise the steps that have been taken in the ten months since the report was released to improve the 7.9% level of compliance in recognizing the need for applying the surcharge.

RESPONSE

Please see the responses to DBP/USPS-556-559.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-561

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBP/USPS-264. Please advise the steps that are being planned to improve the 7.9% level of compliance in recognizing the need for applying the surcharge.

RESPONSE

Please see the responses to DBP/USPS-559.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6173

DBP/USPS-562 Please refer to your response to Interrogatory DBP/USPS-454.

[a] Please define the words "logically feasible" as used in your response.

[b] Please advise the specific conditions that would make the scenario described in subpart a of Interrogatory DBP/USPS-454 not logically feasible.

[c] The three dates that were provided in the example in subpart a of Interrogatory DBP/USPS-454 were selected arbitrarily. Assume that one is free to choose any three dates so long as they remain in the same order that was utilized in the original Interrogatory and that the time between the second and third dates was a minimum of two weeks, please confirm, or explain if you are unable to confirm, that there is nothing that would preclude the Board of Governors from establishing an effective date for the modifications to the DMCS that were related to the Forever Stamp at an earlier time than the effective date for the remainder of the Opinion and Recommended Decision changes. This also assumes that there will be sufficient reasons for the Commission to recommend such as scenario.

RESPONSE

- (a) Re-read the answer to DBP/USPS-454. The Postal Service did not use that term.
- (b) See the response to subpart (a).
- (c) The Postal Service does not presume to know whether, upon determining when to implement any Docket No. R2006-1 rate changes approved by the Governors, the Board of Governors might consider itself precluded by some policy or other consideration from electing one option as opposed to another.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6174

DBP/USPS-563 Please refer to your response to Interrogatory DBP/USPS-456. Please confirm, or explain if you are unable to confirm, that by use of the word "will" as the second word on the second line of the response, that the Postal Service has yet to evaluate potential changes to the regulations and procedures.

RESPONSE

Not confirmed. Please see the response to DBP/USPS-570.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6175

DBP/USPS-564 Please refer to your response to Interrogatory DBP/USPS-457 subpart d. Please confirm, or explain if you are unable to confirm, that your response will still be the same if the purchase price of the Forever Stamp will be less than the then current post card rate.

RESPONSE

As you are no doubt aware, the response was focused on the foreseeable future during which the postcard rate will be lower. Accordingly, not confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6176

DBP/USPS-565 Please refer to your response to Interrogatory DBP/USPS-455. Assume for purposes of this Interrogatory that there are two possible implementation plans for the Forever Stamp. Plan A would have the implementation of the financial effects first available at the next rate case affecting the First-Class Mail letter rate [the plan that has been proposed by the Postal Service]. Plan B would require that the Forever Stamp be sold at 39¢ for a period of at least several weeks prior to the implementation of the First-Class Mail letter rate approved in Docket R2006-1.

Please confirm, or explain if you are unable to confirm, that the Postal Service has not evaluated the financial impact this would occur from the implementation of the Forever Stamp program either under Plan A or Plan B. If you are unable to confirm, please indicate the financial impact separately for both Plans A and B. If you are not able to provide the financial impact for both Plans A and B, please provide the reasons why the financial impact for the missing Plan or Plans has not been evaluated and determined. Please advise how any financial impacts were determined.

RESPONSE

There are no financial implications of the Forever Stamp to the Postal Service during the time the rates proposed in Docket No. R2006-1 are in effect. During that time period, the postage value of the Forever Stamp will be the same as the purchase price of the stamp and the contemporaneous price for First-Class Mail one-ounce postage. Thus, any financial implications of the Forever Stamp will manifest themselves in a future rate cycle, when there is difference between the purchase price of Forever Stamps (42 cents, assuming that the Commission recommends the proposed rate) that are purchased during the time period in which Docket No. R2006-1 rates are in effect, but are then used in a rate cycle when the contemporaneous price for First-Class Mail one-ounce postage is higher than 42 cents. That Plan A financial impact is discussed in witness Taufique's testimony (USPS-T-48 at 19 through 23).

RESPONSE to DBP/USPS-565 (continued):

The financial impact for your Plan B proposal -- to sell 39-cent Forever Stamps -- has not been analyzed. It is not a proposal that the Board of Governors directed the Postal Service to pursue. Accordingly, no financial analysis of Plan B has been prepared by the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6178

DBP/USPS-567 Please refer to your response to Interrogatory DBP/USPS-459. Your reply to my Interrogatory was not response to the questions asked. The questions asked related to conceptual ideas of the values that postage stamps sold retain. Since the Forever Stamp proposal will be changing the postage value assigned to stamps and the use that may be made of the stamps, I am trying to show that the Forever Stamp will be a change in the Postal Service's longstanding policies. As such it is material to the issues raised by the Forever Stamp proposal and a response is desired to the original Interrogatory.

RESPONSE

The reply to DBP/USPS-459 was more than responsive enough to your question for the resolution of the material issues in this proceeding. In the spirit of cooperation, that response was offered as an alternative to the equally reasonable course of filing a partial objection based on relevance. Please also see the response to DBP/USPS-569.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6179

DBP/USPS-569 Please refer to your response to Interrogatory DBP/USPS-480. Your reply to my Interrogatory was not responsive to the questions asked. The questions asked related to conceptual ideas that all of the stamps that have been issued in the last 51-plus years have been valid for all postage use except for the examples provided in items 1 through 4. Since the Forever Stamp proposal could be considered to fall into the same as the categories 1 through 4 in the original Interrogatory and the use that may be made of the stamps, I am trying to show that the Forever Stamp will be a change in the Postal Service's longstanding policies. As such it is material to the issues raised by the Forever Stamp proposal and a response is desired to the original Interrogatory.

RESPONSE

The Postal Service's response to DBP/USPS-480 confirms, without dispute, that the assertions in your interrogatory may well be the case. Accordingly, the Postal Service considers that it responded fully to the question.

You say that you are trying to show that the Forever Stamp is a *change* from long-standing general postal policy. That fact is already self-evident; it is not in controversy; it is plainly obvious, it is undisputed; it is ripe for stipulation; it is as clear as day; etc.

Whether or not the four examples cited in DBP/USPS-480 are the *only* such examples in last 51 years or the entire historical arc of the nation's postal system may be material to the mission of the National Postal Museum. However, whether there is or is not another example is utterly immaterial to the question before the Postal Rate Commission, which is whether it would be consistent with the policies of the Postal Reorganization Act to recommend the Forever Stamp classification proposal to the Governors for approval.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

6180

DBP/USPS-570 Please refer to your response to Interrogatory DBP/USPS-482. Please provide copies of the draft DMM regulations that exist at this time or indicate that there are none at this time.

RESPONSE

The Postal Service will not accede to your first request. As stated earlier, when proposed rules are published in the Federal Register, they will be available for public examination. Until such time, the Postal Service will not be sharing drafts of those proposed rules that are being circulated internally.

Alternatively, if the Postal Service were to accede to your second request and indicate that there are no proposed rules presently being drafted, the Postal Service would be misleading the Commission and the other intervenors. The Postal Service is obliged to reject such a request out of hand.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-10. For each year since and including 2004, please identify the percentage of First-Class Mail that was destined to one-day, two-day, and three day delivery areas, according to the Postal Service's service standards for First-Class Mail. Please specify whether the response includes Priority Mail.

RESPONSE:

The data in this response excludes Priority Mail.

Percentage of
First-Class Mail
Volume Under
Given First-
Class Service
Standards

	1-Day Standard	2-Day Standard	3-Day Standard
2004	44.5%	26.5%	29.0%
2005	44.8%	26.3%	28.9%

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-11. For each year since and including 2004, please identify the percentage of Priority Mail that was destined to one-day, two-day, and three-day delivery areas, according to the Postal Service's service standards for First-Class Mail.

RESPONSE:

Percentage
of Priority
Mail Volume
Under Given
First-Class
Service
Standards

	1-Day Standard	2-Day Standard	3-Day Standard
2004	20.3%	28.5%	51.2%
2005	19.6%	27.5%	52.8%

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-12. Please identify the volume, percentage, and weight distribution of Priority Mail flat-rate envelopes that were destined to a ZIP Code for which the service standards for Priority Mail and First-Class Mail were identical. The response should provide all available data, including, at a minimum, data derived from transactions at retail terminals. In your response, please separate data derived from transactions at retail terminals from other data.

RESPONSE:

Information from POS ONE retail transactions is compiled in the Retail Data Mart. In the first eight months (October through May) of FY 2006, a total of 7,922,239 Priority Mail flat-rate envelopes in the range of 0 - 13 ounces (the range over which there are service standards for First-Class Mail) were mailed through POS ONE retail terminals. Of that total, 3,927,988, or 49.6 percent, had a service standard that was faster than if the piece had been sent instead as First-Class Mail. The remaining 3,994,251 (50.4 percent) had a service standard identical to the First-Class Mail service standard (on the same route). Those pieces are distributed as follows:

Ounce Increment	Volume	Percent of Total
1	369,657	9.3%
2	839,010	21.0%
3	583,266	14.6%
4	425,697	10.7%
5	335,341	8.4%
6	276,375	6.9%
7	217,586	5.4%
8	90,579	4.8%
9	80,183	4.5%
10	165,689	4.1%
11	147,314	3.7%
12	136,201	3.4%
13	127,353	3.2%
Total	3,994,251	

DFC/USPS-18.

- a. Please provide the number of collection boxes of all types except Express Mail that were operated by the Postal Service in 2004, 2005, and 2006.
- b. For each year, please identify the database from which the data were extracted.
- c. Please explain whether data from the Collection Program Management System that is available at the headquarters level may differ from data maintained in the CPMS at the district level.

RESPONSE:

a.-b.

2004 Information from CBMS as of Sept. 22, 2004, was provided in Docket No. R2005-1 at Tr. 8C/3945. Those data suggest that the total number of boxes for the box types displayed, excluding the two Express Mail box types, was 272,664.

2005 The only information currently available from 2005 (Dec. 6, 2005) is a CPMS figure for all collection points of 295,053. Details on this figure (e.g., whether or not it is comparable to the 2004 and 2006 figures) are not available.

2006 CPMS data from Feb. 13, 2006 indicate 263,324 collection points, excluding Express Mail collection points.

c. While CBMS data at the district level could have differed from data at the Headquarters level because of lags in transmission, the nature of CPMS is such that data are consistent between the local level and the national level.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS F. CARLSON

6185

DFC/USPS-21. For each of the past three years, and for each category or type of First-Class Mail (excluding Priority Mail) for which the Postal Service collects data, please provide nationwide data from EXFC, ODIS, and any other applicable systems showing:

- a. The percentage of the time that mail is delivered within the number of days specified by the applicable service standard;
- b. The average number of days to delivery.

RESPONSE:

Please see the attached table.

External First-Class Mail Measurement System						
	FY 2003		FY 2004		FY 2005	
	On Time Performance Estimate	Average Delivery Days	On Time Performance Estimate	Average Delivery Days	On Time Performance Estimate	Average Delivery Days
Letters						
Overnight	95.31	1.09	95.74	1.08	95.71	1.08
Two Day	91.27	1.96	92.17	1.95	91.77	1.97
Three Day	89.11	2.81	89.84	2.81	88.32	2.85
Cards						
Overnight	90.75	1.18	91.48	1.16	91.31	1.17
Two Day	84.66	2.12	86.69	2.08	86.25	2.10
Three Day	82.95	2.98	84.64	2.96	82.83	3.02
Flats						
Overnight	88.53	1.20	89.84	1.18	89.29	1.20
Two Day	80.24	2.21	81.12	2.18	79.47	2.25
Three Day	75.78	3.18	76.73	3.16	73.23	3.28

DFC/USPS-23. For each of the past three years, and for each category or type of Express Mail for which the Postal Service collects data, please provide nationwide data showing:

- (a) The percentage of the time that mail is delivered within the number of days specified by the applicable service standard or delivery guarantee;
- (b) The average number of days to delivery.

RESPONSE:

The following data is derived from the Product Tracking System (PTS). Please note that the scheduled delivery date under PTS may not necessarily correspond to the guarantee that the customer receives and upon which refund decisions are based. Please note that the numbers below are measurements of mutually exclusive mail streams. They are not cumulative.

a) The following data is for FY 2005. For previous year data, see Docket No. R2005-1, Tr. 8C/4370.

Post Office to Post Office	Percent On Time (FY05)
Express Mail - Retail - Domestic - Next Day 10:00	90.60%
Express Mail - Retail - Domestic - 2 Day 10:00	97.09%
Express Mail - Retail - Domestic - 3 Day 10:00	99.25%
Express Mail - Retail - Domestic - 4 Day 10:00	99.44%
Post Office to Addressee	
Express Mail - Retail - Domestic - Next Day 12:00	95.29%
Express Mail - Retail - Domestic - Next Day 3:00	94.74%
Express Mail - Retail - Domestic - 2 Day 12:00	96.03%
Express Mail - Retail - Domestic - 2 Day 3:00	93.80%
Express Mail - Retail - Domestic - 3 Day 12:00	97.91%
Express Mail - Retail - Domestic - 3 Day 3:00	96.81%
Express Mail - Retail - Domestic - 4 Day 12:00	98.53%
Express Mail - Retail - Domestic - 4 Day 3:00	98.68%

RESPONSE TO DFC/USPS-23 (continued)

b) The following data is for FY 2005. For previous year data, see Docket No.

R2005-1, Tr. 8C/4371.

	Avg. Days Delivered
Post Office to Post Office	
Express Mail - Retail - Domestic - Next Day 10:00	0.67
Express Mail - Retail - Domestic - 2 Day 10:00	0.78
Express Mail - Retail - Domestic - 3 Day 10:00	0.81
Express Mail - Retail - Domestic - 4 Day 10:00	0.87
Post Office to Addressee	
Express Mail - Retail - Domestic - Next Day 12:00	0.89
Express Mail - Retail - Domestic - Next Day 3:00	0.97
Express Mail - Retail - Domestic - 2 Day 12:00	1.24
Express Mail - Retail - Domestic - 2 Day 3:00	1.56
Express Mail - Retail - Domestic - 3 Day 12:00	1.71
Express Mail - Retail - Domestic - 3 Day 3:00	1.76
Express Mail - Retail - Domestic - 4 Day 12:00	1.56
Express Mail - Retail - Domestic - 4 Day 3:00	1.93

Note: The average days to deliver the Express Mail piece is the hours to deliver divided by 24 (the number of hours in a day). The hours to deliver are the amount of time from the time of acceptance to the time of attempted delivery or delivery.

DFC/USPS-27. Please provide the percentage of Certified Mail that received an acceptance scan at a retail terminal but that did not receive a scan indicating a final disposition or delivery.

RESPONSE:

For January through March of 2006, WEBeis data show that 6 percent of Certified Mail received an acceptance scan at a retail terminal but did not receive a scan indicating a final disposition, including delivery.

DFC/USPS-29. With reference to specific automated postal equipment, please describe how the Postal Service will process a stamped First-Class #10 envelope that weighs between 1.1 and 2.0 ounces and that is 0.3 inches thick. Assume that the letter is deposited loose in a collection box. In your response, with reference, as appropriate, to testimony filed in this docket, please identify which shape-based cost estimate would apply to this #10 envelope and which rate would apply.

RESPONSE:

A stamped envelope that is 0.3 inches in thickness and deposited loose in a collection mail box will be culled out during the fine-cull on the Advanced Facer Canceling System (AFCS). The mail piece will be manually faced and cancelled either by hand or by mechanized canceling equipment. See response to DFC/USPS-32 for the thickness specifications of letter automation equipment. The mail piece will then be routed to a DBCS with expanded capabilities (see USPS-T-42, page 7, line 17), if available; otherwise the piece will be routed to a manual operation. Subsequent processing on automation equipment will depend on the presence of DBCS machines with expanded capabilities at the destination facility. If unavailable, the mail piece will be routed to manual operation at the destination facility.

The Postal Service does not develop shape-based cost estimates based on a combination of thickness and weight. Shape-based cost estimates based solely on weight are available in the response to DBP/USPS-40.

The applicable rate for such a mail piece is discussed in the response to DFC/USPS-T32-2.

DFC/USPS-30. With reference, as appropriate, to testimony filed in this docket, please provide and compare the cost of processing a stamped 9" x 12" envelope containing four sheets of letter-size paper that weighs between 1.1 and 2.0 ounces, a stamped First-Class #10 envelope that weighs between 1.1 and 2.0 ounces and that is 0.3 inches thick, and a two-ounce small parcel that is one inch thick. Assume that each item is deposited loose in a collection box.

RESPONSE:

The Postal Service does not have the costs associated with the particular mail items as described, however, please refer to the cost by ounce by shape information for First-Class Mail that was provided in response to DBP/USPS-40.

DFC/USPS-31. Please identify all letter-mail automation equipment that can and does process mail that is more than 0.25 inches thick and all letter-mail automation equipment that cannot process mail that is more than 0.25 inches thick.

RESPONSE:

Letter-mail automation equipment that can process mail more than 0.25 inches thick without unacceptable jam and reject rates are the DBCS machines with expanded capabilities (EC). Letter-mail automation equipment that cannot process mail more than 0.25 inches thick without unacceptable jam and reject rates are the AFCS, CIOSS, CSBCS, DBCS, DIOSS, MLOCR, and MPBCS. See USPS-T-42, pages 3 – 11 for more information on letter mail automation equipment.

DFC/USPS-32. Please provide the maximum thickness of mail that can be processed by all letter-mail automation equipment (e.g., MLOCR, DBCS, etc.) other than the AFCS.

RESPONSE:

The maximum thickness of mail that can be processed without unacceptable jam and reject rates by letter-mail automation equipment are:

- CIOSS, CSBCS, DBCS, DIOSS, MLOCR, and MPBCS - 0.25 inches.
- DBCS with expanded capabilities (EC) - 0.5 inch.

See USPS-T-42, pages 3 – 11 for more information on letter mail automation equipment.

DFC/USPS-33. Please confirm that a two-ounce #10 envelope that is 0.3 inches thick that is entered as bulk metered mail and that bypasses the AFCS operation can be processed as readily and successfully on automation as a one-ounce #10 envelope that is less than 0.25 inches thick. If you do not confirm, please explain.

RESPONSE:

Not confirmed. See response to DFC/USPS-32. The 0.3 inch thick envelope exceeds the maximum thickness specification of most of the letter automation equipment and, therefore, cannot be as readily and successfully processed as the less than 0.25 inch thick envelope. Unless all subsequent processing steps for the 0.3 inch thick envelope take place on DBCS equipment with expanded capabilities, the envelope will be culled-out and routed to a manual operation.

DFC/USPS-34. Please describe how the Postal Service processes #10 envelopes that are too thick for automation, and please provide the shape-based cost for processing this mail.

RESPONSE: See response to DFC/USPS-32. If the # 10 envelopes are too thick even for DBCS equipment with expanded capabilities, then the pieces will be routed to a manual operation for processing. The Postal Service has not conducted an analysis that would allow us to estimate processing cost specifically for the mail pieces you describe.

**COMPELLED RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
REQUEST FOR PRODUCTION OF DOCUMENTS
FROM DOUGLAS CARLSON**

6196

DFC/USPS-35. Please provide the following information, in a PC-readable format such as a text file or Microsoft Excel file, from the Collection Point Management System database for every collection box in the database: location ID number, box address, description of address, service class, type of box, area of box, posted weekday collection times, posted Saturday collection times, and posted holiday collection times.

RESPONSE:

Excel files with the requested information have been provided.

DFC/USPS-36. Please provide all available information, including documents and other records, relating to the compliance rate for rates and fees for single-piece postal services. (For example, for which percentage of pieces subject to the 13-cent nonmachinable surcharge did the sender pay the proper postage? Also by way of example, for which percentage of two-ounce, single-piece First-Class Mail did the sender pay the proper postage?)

RESPONSE:

For FY 2005, the percentage of First-Class Mail single-piece rate volume subject to the 13-cent nonmachinable surcharge for which the sender paid the proper postage was 48 percent. For FY 2005, the percentage of First-Class Mail single-piece rate volume for which the sender paid the proper postage by ounce step is as follows:

Ounce Increment	Percentage
1	97.8
2	77.0
3	82.3
4	82.1
5	82.2
6	82.2
7	82.7
8	81.8
9	82.6
10	82.5
11	83.1
12	84.4
13	87.8

The FY2005 information in the table above is derived from the ODIS-RPW system addressed in the testimony of witness Pafford (USPS-T-3) and documented in the library references identified therein. No other sources for Postal Service-wide postage compliance rates exist.

DFC/USPS-37. Please explain how letters that are too thick to be processed on any Postal Service automated equipment are processed.

Response:

Letters that are too thick to be processed on any Postal Service automated equipment are processed manually.

DFC/USPS-38. Please explain how the Postal Service's proposal to apply the rate for flats to letters that are too thick for any Postal Service automated equipment reflects the processing environment for these letters and the costs that these letters incur.

RESPONSE

The letter category is intended to include pieces that can be handled routinely as letters.

If the pieces are too thick for letter automation, then they are likely to be processed manually (please see the response to DFC/USPS-37). Since there is no nonmachinable surcharge for letter shaped pieces under the proposed new structure, it is proposed that these pieces move to the next higher rate cell ,which is the 1st ounce rate for flat shaped pieces, plus any applicable additional ounce postage

DFC/USPS-39. Please explain how letters that fail to meet the criteria for machinability will be processed.

Response:

Letters that fail to meet the criteria for machinability will be processed manually.

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DFC/USPS-40. Please explain how the Postal Service's proposal to apply the rate for flats to letters that fail to meet the criteria for machinability reflects the processing environment for these letters and the costs that these letters incur.

RESPONSE

The letter category is intended to include pieces that can be handled routinely as letters.

If the pieces fail to meet the criteria for machinability, then they are likely to be processed manually (please see the response to DFC/USPS-39). Since there is no nonmachinable surcharge for letter shaped pieces under the proposed new structure, it is proposed that these pieces move to the next higher rate cell, which is the 1st ounce rate for flat shaped pieces, plus any applicable additional ounce postage.

DFC/USPS-41. Please refer to USPS-T-38 at page 6, fn. 2. Please provide all documents relating to the proposed regulation to require postage for Bound Printed Matter to be paid by customer-generated postage meter or permit imprint.

RESPONSE:

There are no such documents. The proposed regulation has not yet been published.

DFC/USPS-42. Please refer to USPS-T-38 at page 6, fn. 2. Please explain why the proposed regulation to require postage for Bound Printed Matter to be paid by customer-generated postage meter or permit imprint would be consistent with DMCS section 3040.

RESPONSE:

Please see the response to OCA/USPS-27.

DFC/USPS-43. Please assume that a participant will file testimony in this docket proposing a new DMCS section to provide that the Postal Service must offer to customers at retail facilities all classifications for which a single-piece rate category exists in the DMCS and for which an item presented for mailing may be eligible. Please identify all retail practices, policies, or programs — including, but not limited to, sales goals or quotas requiring Postal Service employees to sell particular quantities of certain products — that the Postal Service believes that this proposed DMCS section would affect.

RESPONSE:

It is not possible for the Postal Service to conduct such an analysis of its policies, programs and practices until it has had the opportunity to review testimony and proposed DMCS language. In the absence of such specific testimony and DMCS language, the Postal Service is not aware of any policies, programs, or practices that would necessarily be affected by every proposed testimony or DMCS language that fits within the contours of this interrogatory.

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DFC/USPS-44. Please confirm that a policy or practice exists to discourage window clerks from selling Parcel Post. If you do not confirm, please explain.

RESPONSE:

Not confirmed. There is no policy or practice to discourage window clerks from selling Parcel Post.

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DFC/USPS-45. Please confirm that a policy or practice, such as, but not limited to, sales goals or quotas, exists to encourage or require window clerks to sell Priority Mail or Express Mail instead of other services such as Parcel Post.

RESPONSE:

Not confirmed.

DFC/USPS-47. Please identify all postal services that are "commercial products" within the meaning of the response to DFC/USPS-T38-12.

RESPONSE:

In addition to Standard Mail, Periodicals, and Parcel Select, which are exclusively commercial products, there are numerous rate categories within other classes that have bulk mailing requirements and are therefore not eligible to be entered through retail channels.

DFC/USPS-48. Please refer to USPS-T-38 at page 6, fn. 2. Please explain why the proposed regulation to require postage for Bound Printed Matter to be paid by customer-generated postage meter or permit imprint would not cause undue or unreasonable discrimination among users of the mail within the meaning of 39 U.S.C. § 403(c).

RESPONSE:

Please see the response to OCA/USPS-27.

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DFC/USPS-54. Please refer to the response to OCA/USPS-27(d). Please provide the minimum number of pieces required to send mail at a Periodicals rate and to send mail at a Standard Mail rate.

RESPONSE:

Please see the responses to DBP/USPS-219(d) and 220(c).

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DFC/USPS-56. Please refer to the response to OCA/USPS-33. Please provide the volume of single-piece Bound Printed Matter for which the postage was paid using postage stamps or a PVI label.

RESPONSE:

For the most recent fiscal year, approximately 1,052,000 were paid with postage stamps and 3,599,000 with a PVI label.

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DFC/USPS-57. Please refer to the response to OCA/USPS-33. Please provide the volume of single-piece Bound Printed Matter that customers mailed in a transaction at a retail window.

RESPONSE:

Based on the data provided in response to DFC/USPS-57, the number would be the 3,599,000 that used PVI strips plus an unknown portion of those mailed using stamps.

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DFC/USPS-64. Please refer to the response to DBP/USPS-227(c)–(e). Please explain why the POS One cannot be programmed not to present Bound Printed Matter automatically to customers who are mailing parcels.

RESPONSE:

The referenced response does not say that it cannot be so programmed. If your question is, can POS ONE be programmed not to show BPM to the customer unless the retail associate chooses that mail class, the answer is yes.

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DFC/USPS-65. Please refer to the response to DBP/USPS-227(c)–(e). Please explain whether the Integrated Retail Terminals automatically present Bound Printed Matter to customers who are mailing parcels.

RESPONSE:

Integrated retail terminals (IRTs) do not display multiple mailing options to the customer as the POS ONE system does. The retail associate using an IRT must select an individual mail-class button in order to obtain rates for that class. Therefore, the customer does not see a Bound Printed Matter screen unless the retail associate first selects that mail class.

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DFC/USPS-68. Please refer to the response to DBP/USPS-235, which states that "BPM is rarely used by retail customers." Please identify all postal services for which the volume processed or accepted at the retail window is lower than the volume for Bound Printed Matter.

RESPONSE:

That analysis has not been performed. The change reflected in revised footnote 2 is not based on a retail services "popularity contest." It is based on the nature of the product and postal management's determination of the appropriate channels through which it should be made available to mailers.

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DFC/USPS-T45-10. Please refer to your response to DFC/USPS-T45-6.

a. Please confirm that you provided the percent of the volume on each FedEx network that consists of Priority Mail, Express Mail, and First-Class Mail.

b. As DFC/USPS-T45-6 requested, please identify the approximate percentage or proportion of the volume of Express Mail, Priority Mail, and First-Class Mail that is flown that travels on each FedEx network.

RESPONSE:

b. The approximate percentage of domestic Express Mail volume that is flown that travels on the Day-turn is 19%. The approximate percentage of domestic Express Mail volume that is flown that travels on the Night-turn is 57%. The approximate percentage of First-Class Mail, or Priority Mail, that is flown that travels on these networks is unavailable because the volume of First-Class Mail, or Priority Mail, that is flown is not tracked.

Institutional Response of the United States Postal Service
To Interrogatory of Discover Financial Services, LLP, and Morgan Stanley, Inc.

DFS & MSI/USPS-2 Library Reference USPS-LR-L-139 documents the development of test year unit costs by shape and ounce increment for First-Class Single Piece using inputs developed under the Postal Service cost methodology.

Please provide comparable information for First-Class Single Piece using the PRC cost methodology.

Response.

The requested information is provided in USPS-LR-L-163.

MMA/USPS-1.

Please refer to your responses to R2005-1 Interrogatory MMA/USPS-T21-33 C – G (redirected from USPS witness Abdirahman) where you indicated that, as of May 12, 2005, there were 38 First Class workshare mailers utilizing *PostalOne!*

- A. Please provide the number of First Class workshare mailers who are using *PostalOne!* as of the date you file your response to this interrogatory.
- B. Please provide the number of First Class workshare mailers who were using *PostalOne!* at the end of R2006-1 BY 2005.
- C. Please provide the number of First Class workshare mailers you expect will be using *PostalOne!* by the end of R2006-1 TY 2008.
- D. Please describe the Postal Service's efforts to encourage greater use of *PostalOne!* and provide the amounts budgeted for such efforts in each fiscal year since *PostalOne!* became operational.

RESPONSE:

- A-B. With the understanding that use of a *PostalOne!* shipping system does not, by itself, make a mailer a "workshare mailer," as of July 19, 2006, there are 35 First-Class mailers using *PostalOne!* shipping systems, the same number as at the end of FY 2005.
- C. No estimate is available.
- D. The Postal Service provides informational briefings at customer events such as Mailcom and the National Postal Forum. However, the Postal Service has never had a specific budget for encouraging greater use of *PostalOne!* shipping systems.

MMA/USPS-2.

Please refer to your response to R2005-1 Interrogatory MMA/USPS-11 where you reported that, in FY 2004, 38 *PostalOne!* mailers entered 9,431,482,023 workshare letters and 115,771,785 workshare cards using permits held in their own names and that some undeterminable subsets of these pieces were entered using *PostalOne!*. Please provide, separately, the total number of workshare letters and the total number of workshare cards that *PostalOne!* mailers entered in their own names in R2006-1 BY 2005 and the same information estimated for R2006-1 TY 2008. In addition, please indicate what data system(s) you used to gather this information.

RESPONSE:

The counts of letters and cards were obtained from CBCIS:

Letters: 25,320,368,604 Cards: 166,176,899

MMA/USPS-3.

Please refer to your response to R2005-1 Interrogatory MMA/USPS-2, Parts B-E. There you stated that "[a]s of June 7, 2005, of a total of 114 deployed *PostalOne!* systems, 21 systems were purchased by customers and 93 were purchased by the Postal Service. Of the 93 deployed *PostalOne!* systems purchased by the Postal Service, 36 are automated systems and 57 are desktop systems."

- A. Please update the referenced information as of the date you respond to this interrogatory.
- B. As of June 7, 2005, how many of the 21 *PostalOne!* systems purchased by *PostalOne!* customers were automated systems and how many were desktop systems.
- C. As of the date you respond to this interrogatory, please provide the total number of *PostalOne!* systems purchased by *PostalOne!* customers, the number that are automated systems and the number that are desktop systems.
- D. Please describe in detail and explain all differences between automated and desktop *PostalOne!* systems.
- E. Please provide the total purchase price of the most recently purchased automated and desktop *PostalOne!* systems purchased by the Postal Service.
- F. For *PostalOne!* automated systems that the Postal Service purchases, please describe what installation, mailer training, and run-in costs are paid for by the Postal Service and provide the total of such costs that the Postal Service incurred or paid for during R2005-1 BY 2004 and R2006-1BY 2005, as well as any amount budgeted for such purposes during R2006-1 TY 2008.
- G. For *PostalOne!* desktop systems that the Postal Service purchases, please describe what installation and run-in costs are paid for or incurred by the Postal Service and provide the total of such costs that the Postal Service incurred or paid for during R2005-1 BY 2004 and R2006-1BY 2005, as well as any amount budgeted for such purposes during R2006-1 TY 2008.

H.

RESPONSE:

- A. As of July 19,2006, of a total of 115 deployed *PostalOne!* Systems, 25 systems were purchased by customers and 90 were purchased by the Postal Service. Of the 90 deployed *PostalOne!* Systems purchased by the Postal Service, 37 are automated systems and 53 are desktop systems.
- B. As of June 7, 2005, of the 21 *PostalOne!* Systems purchased by *PostalOne!* customers, 20 were automated systems and 1 was a desktop system.
- C. As of July 19, 2006, of a total of 25 *PostalOne!* systems purchased by *PostalOne!* customers, 24 are automated systems and 1 is a desktop system.
- D. Please see the documents attached to this response.
- E. The capital investment for the Postal Service's most recently purchased desktop system was about \$17,000. The capital investment for the Postal Service's most recently purchased automated system was about \$91,000.
- F-G. While the Postal Service facilitates the installation of *PostalOne!* Automated Systems and Desktop Systems, installation and run-in costs are paid by customers. Typically these costs include site preparation, power and phone line

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installation costs, and integration into new or existing automated material handling equipment. As such, there is no past, current, or future allocation in the *PostalOne!* budget for installation and run-in costs. For Automated Systems, equipment and operation training is provided by the vendor, and is included in the purchase price of the system. For Desktop Systems, equipment and operation training is provided by the Postal Service. A user manual is included in the cost of a desktop system. User training, which typically runs 30-45 minutes, is included as part of the Postal Service support. As such, there is no past, current, or future allocation in the program budget for customer training.

MMA/USPS-4 How many First Class workshare mailers were there in R2006-1 BY 2005?

RESPONSE:

The Postal Service organizes mailing statement data entered in the PostalOne! system by permit number. Entities submitting mail may have multiple permit numbers. The Postal Service does not maintain a comprehensive mapping of permit number to entity. However, in FY 2005 32,016 unique permit numbers were used to submit First Class workshare letter mailings at PostalOne! equipped offices.

MMA/USPS-5 Please provide the total number of First Class workshare letters mailed by the 100 largest volume mailers during R2006-1 BY 2005 and specify the data system source(s) for the information.

RESPONSE:

The Postal Service organizes mailing statement data entered in the PostalOne! system by permit number. Entities submitting mail may have multiple permit numbers. The Postal Service does not maintain a comprehensive mapping of permit number to entity. However, in FY 2005 the largest 100 First Class workshare letter permit numbers entered 20,208,386,457 First Class workshare letters at PostalOne! equipped offices.

MMA/USPS-6 Please provide the total number of First Class workshare letters mailed by the 200 largest volume mailers during R2006-1 BY 2005 and specify the data system source(s) for the information.

RESPONSE:

The Postal Service organizes mailing statement data entered in the PostalOne! system by permit number. Entities submitting mail may have multiple permit numbers. The Postal Service does not maintain a comprehensive mapping of permit number to entity. However, in FY 2005 the largest 200 First Class workshare letter permit numbers entered 26,679,811,493 First Class workshare letters at PostalOne! equipped offices.

MMA/USPS-7

For R2006-1 BY 2005, how many First Class workshare mailers had arrangements with the Postal Service whereby the Postal Service regularly picks up workshare mail at the mailer's facility? What was the total volume of First Class workshare letters sent by such mailers during R2006-1 BY 2005?

Response:

These arrangements are made locally and there is no central record available.

MMA/USPS-8

What specific criteria does the Postal Service use to determine whether it will enter into an agreement with a First Class workshare mailer to pick up the mail at the mailer's facility?

Response:

The following excerpt from *Handbook PO-512 - Plant Loading Authorization and Procedures Guidelines* (October 2002), Section 1-3 (Plant Load Eligibility), defines the criteria:

Mailers — including government agencies — generating sufficient volumes of mail, with the potential to prepare vehicle loads that can bypass handling at one or more Postal Service facilities and demonstrate a cost savings for the

Postal Service, are eligible for plant load authorization.

a. Plant load authorizations must demonstrate a clear advantage for the Postal Service. Clear advantage is generally defined as a net recoverable cost savings to the Postal Service after all expenses associated with providing plant load operations are considered.

b. Plant load operations may also be authorized due to operational constraints. In the event that the originating local facility cannot adequately handle the additional volume of mail generated by the mailer, or if the local origin Postal Service facility will exceed its mail processing capacity, then plant load authorization may be granted.

c. Plant load regulations and procedures do not apply to the collection of mail. Collection of mail is an operation in which the Postal Service transports mail from a mailer's plant or other authorized nonPostal Service location to the local Post Office or other designated local acceptance point. Unlike plant-loaded mail, collection of mail generally does not include mail that bypasses handling or requires a postage statement.

d. Plant loads involving Postal Service transportation to the same facility where a mailer would normally be required to deposit mail, or which operates only to the advantage of a mailer, will not be approved.

MMA/USPS-9.

Please refer to your response to R2005-1 Interrogatory MMA/USPS-6 E., where you indicated that the Postal Service realizes labor and transportation cost savings from installing a *PostalOne!* system and that transportation cost savings for the Postal Service come from redirecting mail from air to lower cost surface transportation.

- A. For R2006-1 BY 2005, please provide the average cost of transporting a tray of letters by air and the average cost of transporting a tray of letters by surface transportation.
- B. For R2005-1 BY 2004 and R2006-1 BY 2005, please provide the total volumes of First Class single piece mail that were transported by air.
- C. For R2005-1 BY 2004 and R2006-1 BY 2005, please provide the total volumes of First Class workshare mail that were transported by air.
- D. For R2005-1 BY 2004 and R2006-1 BY 2005, please provide the total volumes of First Class workshare mail that, according to the *PostalOne!* data system, were transported entirely by surface transportation after receipt from *PostalOne!* customers.
- E. For R2005-1 BY 2004 and R2006-1 BY 2005, please provide the total volumes of First Class workshare mail that, according to the *PostalOne!* data system, were transported by air after receipt from *PostalOne!* customers.
- F. Does the Postal Service also realize transportation cost savings when large volumes of First Class workshare mail can bypass one or more HASPs or other intermediate postal facilities and be moved directly from the *PostalOne!* mailer's facility to an airport or destinating mail processing facility? If so, please provide the transportation cost savings that the Postal Service realized from such activities during R2006-1 BY 2005.

RESPONSE:

- A. This information is not available.
- B-C. No estimates of the requested volumes are available; nor could a way to calculate these be found. Volumes of First-Class Mail single piece and First-Class workshare mail are not tracked.
- D. As stated in the response to MMA/USPS-1, use of a *PostalOne!* shipping system does not make that customer a workshare mailer. In R2005-1 BY 2004 (FY2004), *PostalOne!* customers processed 15,909,517 trays of mail assigned entirely to surface transportation on *PostalOne!* Shipping Systems. In R2006-1 By 2005 (FY2005), *PostalOne!* customers processed 19,702,668 trays of mail assigned entirely to surface transportation on *PostalOne!* Shipping Systems. Since *PostalOne!* shipping systems deal with mail in trays, the volume of mail represented by these tray counts is not available.
- E. As stated in the response to MMA/USPS-1, use of a *PostalOne!* shipping system does not make that customer a workshare mailer. In FY2004, *PostalOne!* customers processed 13,336,759 trays of mail assigned entirely to air

transportation on *PostalOne!* Shipping Systems. In FY2005, *PostalOne!* customers processed 15,287,056 trays of mail assigned entirely to air transportation on *PostalOne!* Shipping Systems. Since *PostalOne!* shipping systems deal with mail in trays, the volume of mail represented by these tray counts is not available.

- F. Beyond the estimates of cost savings estimated in the response to MMA/USPS-11, no estimates of cost savings requested in MMA/USPS-9(F) are available.

MMA/USPS-10.

What was the lowest annual volume of workshare mail sent by a mailer who used *PostalOne!* customer throughout FY2005?

RESPONSE:

As stated in the response to MMA/USPS-1, use of a *PostalOne!* shipping system does not make that customer a workshare mailer. The lowest annual volume of mail sent by a mailer who had a positive volume in each month of FY2005 was 18,353 trays.

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MMA/USPS-11.

Please refer to your response to R2005-1 Interrogatories MMA/USPS-T21-33K (redirected from USPS witness Abdirahman), where you indicated that the Postal Service expected total costs savings of \$6,194,735 from *PostalOne!* in FY 2006, and MMA/USPS-7, where you indicated that the total estimated savings for FY 2006 included transportation cost savings of \$877,179.

- A. Please provide the total cost savings and transportation cost savings that the Postal Service realized in R2006-1 BY2005.
- B. Please provide the total cost savings and transportation cost savings that the Postal Service expects in R2006-1 TY2008.

RESPONSE:

- A. In FY2005, the Postal Service realized a total cost savings of \$6,058,577, which includes total transportation cost savings of \$595,446.
- B. In TY2008, the Postal Service expects to realize a total cost savings of approximately \$3,545,840, which includes total transportation cost savings of approximately \$348,490.

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MMA/USPS-12.

Please confirm that mail volume is the primary cost driver for determining whether *PostalOne!* will benefit both the Postal Service and a mailer? If you cannot confirm with an unqualified yes, please explain why and how volume is not the primary factor.

RESPONSE:

Not confirmed. Please see the response to MMA/USPS-2(a)/R2005-1, filed on June 9, 2005.

MMA/USPS-13

Please refer to your answer to TW/USPS-T32-2 (b) (redirected from USPS witness Taufique) where you indicate that the QBRM unit cost savings using the Commission's most recently approved methodology from R2000-1 is 3.980 cents.

- A. In order to derive the 3.980 cents unit cost savings figure, please provide separately the derived unit costs for QBRM letters and hand addressed (HAND) letters before applying the CRA Proportional Adjustment factor and after applying the CRA Proportional Adjustment factor.
- B. Please confirm that you applied the CRA Proportional Adjustment factor for BMM (derived in R2005-1) for both QBRM letters and HAND letters. If you cannot confirm, please explain exactly what was done.
- C. Please confirm that you used the cost pools that result from application of the Commission's attributable cost methodology. If you cannot confirm please explain.
- D. Please confirm that the major difference between the mail flows of QBRM and HAND letters is that HAND letters require processing within the Remote Bar Code System (RBCS) and QBRM letters completely bypass the RBCS.
- E. Please confirm that, just as with the case of HAND letters, BMM letters also require processing within the RBCS? If you cannot confirm, please explain.
- F. Please provide the actual, complete cost savings analysis that resulted in the QBRM cost savings of 3.980 cents.

Response:

- A. The derived unit cost savings figure is 4.140 cents as shown in the revised response to TW/USPS-6 filed on July 20, 2006. The derived unit cost for QBRM and Handwritten Reply mail before applying the CRA Proportional Adjustment factor is 6.768 cents and 4.122 cents respectively. The derived unit cost for QBRM and handwritten reply mail after applying the CRA Proportional Adjustment factor is 10.589 cents and 6.449 cents respectively. Please see the revised response to TW/USPS-6 (b).

- B. Confirmed.
- C. Confirmed.
- D. Confirmed.
- E. Confirmed.
- F. Please see the attachment to the revised response to TW/USPS-6 (b),
filed on July 20, 2006.

MMA/USPS-14

Please refer to (1) your response to Interrogatory MMA/USPS-T22-28, Part (B), which asked for confirmation of MMA's calculation of the "proportional" unit costs to process an average First-Class presorted letter and an average Standard presorted letter (Nonautomation and Automation combined) for R2005-1 TY 2006, using the PRC attributable cost methodology (PRC method) and (2) USPS witness Abdirahman's response to Interrogatory MMA/USPS-T22-3 (C), which asked him to confirm MMA's calculation of the same "proportional" unit costs for R2005-1 TY 2006, using the USPS attributable cost methodology (USPS method). USPS witness Abdirahman confirmed MMA's calculations using the USPS method but you failed to confirm MMA's calculations using the PRC method, even though you indicate the calculations are "performed correctly". The reasons you offer for not confirming MMA's calculations are as follows:

In Docket No. R2005-1, the automation and nonautomation costs were not combined for either First-Class Mail or Standard mail. Therefore, USPS-LR-K-110 did not include a proportional unit cost for either First-Class Mail presort or Standard presort.

- A. Please confirm that the only difference between the analysis and results shown in the table in Interrogatory MMA/USPS-T22-3 (C) and the analysis and results shown in the table in Interrogatory MMA/USPS-T22-28 (B) is that one reflects use of the USPS attributable cost method and the other involves use of the PRC attributable cost method. If no, please identify any other methodological differences.
- B. Please confirm that, in R2005-1, the automation and nonautomation costs were not combined for First-Class Mail or Standard Mail under either the USPS method or the PRC method. If yes, please explain why you were unable or unwilling to combine automation and nonautomation costs for the PRC method when USPS witness Abdirahman was able to do so for the USPS method. If no, please indicate which method combined automation and nonutomatic costs in R2005-1.
- C. Please confirm that neither R2005-1 Library Reference USPS-LR-K-110 (PRC method) nor R2005-1 Library Reference USPS-LR-K-48 (USPS method) includes a combined Nonautomation and Automation proportional unit cost for First-Class Mail presort or Standard presort. If yes, please explain why you were unable or unwilling to confirm that MMA correctly derived the proportional unit costs using the PRC method when USPS witness Abdirahman confirmed that MMA correctly derived the proportional unit costs using the USPS method. If no, please indicate which R2005-1 library reference includes proportional unit costs for First-Class Mail presort and/or Standard presort.
- D. Please confirm that, in R2005-1, your data showed that the "proportional" unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an

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average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 were 2.739 and 2.702 cents, respectively, as derived in the following table. ***If you cannot confirm, please provide the correct proportional unit costs and explain how you derived them.***

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 "Proportional" TY Unit Cost (\$)	Associated Volume (000)	Total "Proportional" Cost (\$ 000) (1) x (3)	Combined "Proportional" Unit Cost (\$) (3) / (2)
First-Class:				
Nonautomation	0.13414	1,949,367	261,485	
Automation	0.02272	44,559,875	1,012,612	
Presorted		46,509,242	1,274,097	0.02739
Standard:				
Nonautomation	0.10778	3,494,388	376,616	
Automation	0.02073	44,824,099	929,150	
Presorted		48,318,487	1,305,766	0.02702

Source: USPS-LR-K-110 Page 6, 20, 61, 62 52, 89

Response:

A. Confirmed.

B. Confirmed. Please see the response to MMA/USPS-T22-28(B) where it states "the calculations in the table are performed correctly".

C. Confirmed. Please see the response to MMA/USPS-T22-28(B) where it states "the calculations in the table are performed correctly".

D. Not confirmed. The question asked if "your data" reflected the unit costs that MMA has calculated. The Postal Service's data in Docket No. R2005-1 did not reflect the unit costs that MMA has calculated. However, MMA used the R2006-1 methodology in conjunction with information that was available on the record in the Docket No. R2005-1 case to calculate the unit costs, and the response to MMA/T22-28 stated that "the calculations in the table are performed correctly".

MMA/USPS-15

Please refer to (1) your response to Interrogatory MMA/USPS-T22-28, Part (C), which asked for confirmation of MMA's calculation of the "proportional" unit costs to process an average First-Class presorted letter and an average Standard presorted letter (Nonautomation and Automation combined) for R2005-1 TY 2006, using the PRC attributable cost methodology (PRC method) and (2) USPS witness Abdirahman's response to Interrogatory MMA/USPS-T22-3 (D), which asked him to confirm MMA's calculation of the same "proportional" unit costs for R2005-1 TY 2006, using the USPS attributable cost methodology (USPS method). In both cases you were asked to assume the exact same cost pool classifications as used by the Postal Service in this proceeding. USPS witness Abdirahman confirmed MMA's calculations using the USPS method but you failed to confirm MMA's calculations using the PRC method. The reason(s) you offer for not confirming MMA's calculations are as follows:

In Docket No. R2005-1, the automation and nonautomation costs were not combined for either First-Class Mail or Standard mail. Therefore, USPS-LR-K-110 did not include a proportional unit cost for either First-Class Mail presort or Standard presort. Moreover, neither USPS-LR-K-110 nor USPS-LR-K-99 provide a proportional unit cost for carrier route mail.

- A. Please confirm that the only difference between the analysis and results shown in the table in Interrogatory MMA/USPS-T22-3 (D) and the analysis and results shown in the table in Interrogatory MMA/USPS-T22-28 (C) is that one reflects use of the USPS method and the other involves use of the PRC method. If no, please identify any other methodological differences.
- B. Please confirm that, in R2005-1, the automation and nonautomation costs were not combined for First-Class Mail or Standard Mail under either the USPS method or the PRC method. If yes, please explain why you were unable or unwilling to combine automation and nonautomation costs for the PRC method when USPS witness Abdirahman was able to do so for the USPS method. If no, please indicate which method combined automation and nonautomation costs.
- C. Please confirm that neither R2005-1 Library Reference USPS-LR-K-110 (PRC method) nor R2005-1 Library Reference USPS-LR-K-53 (USPS method) includes a proportional unit cost for First-Class Mail presort or Standard presort. If yes, please explain why you were unable or unwilling to confirm that MMA correctly derived the proportional unit costs using the PRC method when USPS witness Abdirahman confirmed that MMA correctly derived the proportional unit costs using the USPS method. If no, please indicate which R2005-1 library reference includes proportional unit costs for First-Class Mail presort or Standard presort.
- D. Please confirm that, as with R2005-1 Library References USPS-LR-K-110 and USPS-LR-K-99, which use the PRC method, Library Reference USPS-LR-K-53 (USPS method) did not provide a proportional unit cost for

carrier route mail. If yes, please explain why you were unable or unwilling to confirm that MMA correctly derived the proportional unit costs using the PRC method when USPS witness Abdirahman was able to confirm that MMA correctly derived the proportional unit costs using the USPS method. If no, please indicate which R2005-1 library reference includes proportional unit costs for carrier route letters.

- E. Please confirm that, if you had defined worksharing related proportional cost pools in R2005-1 in the exact same manner as you define "proportional" cost pools in R2006-1, then the "proportional" unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 would have been 2.904 cents and 2.965 cents, respectively, as derived in the following table. ***If you cannot confirm, please provide the correct proportional unit costs and explain how they are derived.*** (Note that in order to coincide with your cost categories for this case there were several necessary changes. For First-Class Automation letters, the costs for the following pools have been switched from "workshare-related fixed" to "proportional:" 1OPBULK, 1OPPREF, and 1POUCHING. For First-Class Nonautomation letters, the costs for 1PRESORT have been switched from "workshare-related proportional" to "fixed." For Standard Automation letters, the following cost pools have been switched from "workshare-related fixed" to "proportional:" SPBS OTH, 1OPBULK, 1OPPREF, 1POUCHING and SPB. In addition, for both Standard Automation and Nonautomation letters, the cost pool SPBSPRIO has been switched from "nonworkshare-related fixed" to "proportional").

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 "Proportional" TY Unit Cost (\$)	Associated Volume (000)	Total "Proportional" Cost (\$ 000) (1) x (3)	Combined "Proportional" Unit Cost (\$) (3) / (2)
First-Class:				
Nonautomation	0.13377	1,949,367	260,769	
Automation (No Car Rt)	0.02465	43,841,671	1,080,832	
Carrier Route	0.01283	718,203	9,213	
Presorted		6,509,242	1,350,814	0.02904
Standard:				
Nonautomation	0.10793	3,517,027	379,609	
Automation	0.02347	44,600,687	1,046,946	
Presorted		48,117,714	1,426,556	0.02965

Source: USPS-LR-K-99

Response to MMA/USPS-15:

- A. Confirmed.
- B. Confirmed. Please see the response to MMA/USPS-T22-28C.
- C. Confirmed. Please see the response to MMA/USPS-15B
- D. Confirmed. Please see the response to MMA/USPS-15B.
- E. Confirmed.

MMA/USPS-16

Please refer to USPS witness Abdirahman's affirmative response to Interrogatory MMA/USPS-T22-3, Part (E) and your negative response to Interrogatory MMA/USPS-T22-28, Part (D) (redirected from USPS witness Abdirahman).

- A. Please confirm that both interrogatories ask for confirmation of essentially the same information – the estimated percentage increase in the proportional unit cost of processing an average First Class presort letter between R2005-1 TY 2006 and R2006-1 TY 2008 – and that the only difference is that the interrogatory confirmed by Mr. Abdirahman is based on the USPS method and the interrogatory you failed to confirm is based on the PRC method. If you cannot confirm, please identify any other difference and explain why such difference caused you not to confirm the PRC method version but did not stop Mr. Abdirahman from confirming the USPS method version.
- B. Please explain why you were unable or unwilling to confirm the percentage increase in proportional unit processing cost based on the PRC method while USPS witness Abdirahman was able to confirm the percentage increase in the proportional unit processing cost based on the USPS method.
- C. Please confirm that, using the PRC method, the proportional unit processing cost of an average First-Class presorted letter is expected to increase by 11.3% between TY 2006 in R2005-1 and TY 2008 in R2006-1. ***If you do not confirm, please provide the correct percentage increase and show how it was derived.***

Response:

- A. Confirmed.
- B. The calculations in question were confirmed in the response to MMA/USPS-T22-28D. The hesitation in providing an unqualified "Confirmed" was due to the fact that USPS-LR-K-110 did not actually contain the proportional unit costs as framed in the question.
- C. Confirmed that the calculations provided in MMA's table result in the calculated change as posed. It can be confirmed that the calculated unit costs increase by 11.3%, but the change in unit costs as calculated should

not be construed as a real increase in unit costs because between the base year used in R2005-1 (FY 2004) to develop TY 2006 costs and the base year used in R2006-1 (FY 2005) to develop TY 2008 costs, there was a change to the method used to collect and assign IOCS tallies.

Therefore, because the changes in costs and cost methodologies are indistinguishable, it cannot be concluded that the unit costs of processing an average First-Class letter increased 11.3% from TY 2006 to TY 2008.

MMA/USPS-17

Please refer to (1) USPS witness Abdirahman's affirmative response to Interrogatory MMA/USPS-T22-3 (F), and (2) your negative response to Interrogatory MMA/USPS-T22-28 (E) (redirected from USPS witness Abdirahman).

- A. Please confirm that both interrogatories ask for confirmation of essentially the same information – the estimated percentage decrease in the proportional unit processing cost of an average Standard presorted letter between R2005-1 TY 2006 and R2006-1 TY 2008 – and that the only difference is that the interrogatory confirmed by Mr. Abdirahman was based on the USPS method while the interrogatory you failed to confirm was based on the PRC method. If you cannot confirm, please identify any other difference and explain why it caused you not to confirm the PRC method version but did not stop Mr. Abdirahman from confirming the USPS method version
- B. Please explain why you were unable or unwilling to confirm the percentage increase in proportional unit processing cost based on the PRC method while USPS witness Abdirahman was able to confirm the percentage increase in the proportional unit processing cost based on the USPS method.
- C. Please confirm that, using the PRC method, the "proportional" unit processing cost of an average Standard presorted letter is expected to decrease by 8.0% between R2005-1 TY 2006 and R2006-1 TY 2008. ***If you do not confirm, please provide the correct percentage increase, show how it was derived.***

Response:

- A. Confirmed.
- B. The calculations in question were confirmed in the response to MMA/USPS-T22-28E. The hesitation in providing an unqualified "Confirmed" was due to the fact that USPS-LR-K-110 did not actually contain the proportional unit costs as framed in the question.
- C. Confirmed that the calculations provided in MMA's table result in the calculated change as posed. It can be confirmed that the calculated unit costs decrease by 8.0%, but the change in unit costs as calculated should

not be construed as a real decrease in unit costs because between the base year used in R2005-1 (FY 2004) to develop TY 2006 costs and the base year used in R2006-1 (FY 2005) to develop TY 2008 costs, there was a change to the method used to collect and assign IOCS tallies.

Therefore, because the changes in costs and cost methodologies are indistinguishable, it cannot be concluded that the unit costs of processing an average Standard Mail letter decreased 8.0% from TY 2006 to TY 2008.

MMA/USPS-18

Please refer to your response to Interrogatory MMA/USPS-T22-29 (redirected from USPS witness Abdirahman). In part (A) you failed to confirm the TY 2008 unit proportional cost of 8.9577 cents that MMA derived for First-Class single piece letters and did not provide a corrected unit cost as MMA requested. Nevertheless, you state that the derived proportional unit cost of 8.9577 cents that MMA calculated is correct.

One of your reasons for not confirming MMA's derived TY 2008 proportional unit cost of 8.9577 cents is that "[t]he proportional unit cost number for First-Class single piece letters was not been [sic] provided in any library reference." The only other reason you offer for not confirming MMA's proportional unit cost of 8.9577 cents is that, since a CRA cost for First-Class single piece letters is available, there is "no reason" to derive a proportional unit cost.

- A. Please confirm that the "fact" that the MMA's derived 8.9577 cents TY 2008 proportional unit cost for First-Class single piece letters is not already set forth in any of the Postal Service's library references does not preclude calculation of that proportional unit cost using information already in the R2006-1 record, as the final sentence of your response states. If no, please explain why it is impossible to calculate the TY 2008 proportional unit cost for First-Class single piece letters, as MMA has done.
- B. Assuming that MMA wants to (1) compare the R2005-1 TY 2006 proportional unit cost of Single piece letters with the R2006-1 TY 2008 proportional unit cost of such letters, (2) calculate the expected increase in proportional unit cost of Single piece letters between TY 2006 and TY 2008, and (3) compare the expected increase in the proportional unit cost of Single piece letters with a corresponding expected decline in the proportional unit cost of Standard Presorted letters, as provided to you in the table in Part (E) of MMA/USPS-T22-29, please confirm that MMA has calculated the proportional unit cost for Single Piece letters using the same methodology it used to calculate the proportional unit costs for Standard Presorted letters.
- C. Do you deny that 8.9577 cents is the best estimate for the TY 2008 proportional unit cost of First-Class Single piece letters? If yes, please explain why you believe this is so and why you did not provide a corrected proportional unit cost as MMA specifically requested.

Response:

- A. Confirmed. Please see the response to MMA/USPS-T22-29 (A) where it states, "If one was to take the First Class single piece letters cost pools

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from LR-L-99 and insert them into USPS-LR-L-110. page 3, column C,
one would obtain the cost of 8.9577 cents".

B. Confirmed.

C. No. It is the best estimate of a "proportional" unit cost of First-Class single
piece letters if, as stated in MMA/USPS-T22-29A, one defines the cost
pools in the exact same manner as USPS-LR-L-110 for First-Class
Presorted letters.

MMA/USPS-19

Please refer to your response to Interrogatory MMA/USPS-T22-29 (redirected from USPS witness Abdirahman). In Parts (B), (C), and (D) you confirm all of the total unit costs for First-Class single piece letters and First-Class Metered Mail letters but fail to confirm any of the proportional unit costs that MMA has calculated for such letters. Similarly, in Part (E) you confirm the total unit costs but fail to confirm the proportional unit costs and reference your responses to Parts (A) – (D). In Parts (G) and (H), you also fail to confirm MMA's comparisons of expected increases and decreases in proportional unit costs, again citing your responses to Parts (A) – (D).

- A. Please confirm that your reasons for not confirming MMA's proportional unit costs in Parts (B) – (E) and the unit cost comparisons in (G) and (H) are essentially the same as those you offered in response to Part (A), namely either that the relevant proportional unit cost did not appear in any library reference or that a CRA unit cost was available, or both.
- B. Please confirm that, although you failed to confirm any of the proportional unit costs calculated by MMA in Parts (B) – (E) or unit cost comparisons in Parts (G) and (H), nonetheless, in every instance you verified that MMA's calculation of the proportional unit costs and expected unit cost increases was correct.
- C. Is it your position that the proportional unit costs that MMA has calculated in Parts (B), (C), and (D) of Interrogatory MMA/USPS-T22-29 are not the best estimates for the proportional unit costs of the categories covered in those Parts? If yes, please explain why you believe this is so and why you did not provide corrected proportional unit costs as MMA originally requested.
- D. Please confirm that the comparison of unit costs as provided in Part (E) of Interrogatory MMA/USPS-T22-29 is valid for both total unit costs and proportional unit costs. ***If you cannot confirm, please explain why the compared unit costs are either inaccurate or not valid and provide corrected unit costs.***

Response:

Please see the responses to MMA/USPS-T-22-29 A, B, C, D where the following statements are made:

"If one was to take the First-Class single piece letters cost pools from USPS-LR-L-99 and insert them into USPS-LR-L-110, page 3, column C, one would obtain the unit cost of 8.9577 cents". MMA/USPS-T22-29A

"If one was to take the First-Class single piece letters cost pools from USPS-LR-K-99 and insert them into USPS-LR-K-110, page 3, column C, as defined in the exact same manner as in R2006-1, one would obtain the unit cost of 8.6275". MMA/USPS-T22-29B

"If one was to take the First-Class Metered Mail letters cost pools from USPS-LR-L-99 and insert them into USPS-LR-L-110, page 3, column C, one would obtain the unit cost of 8.5733 cents". MMA/USPS-T22-29C

"If one was to take the First-Class Metered Mail letters cost pools from USPS-LR-K-99 and insert them into USPS-LR-K-110, page 3, column C, as defined in the exact same manner as in R2006-1, one would obtain the unit cost of 8.2858". MMA/USPS-T22-29D

A. Confirmed.

B. The response confirmed the unit costs and explained as noted above that the proportional unit costs were derived correctly. The percentage changes in unit costs as shown in the table on MMA/USPS-T-22-29 (E) were derived correctly, but it must be noted that they do not solely reflect the expected changes in real costs. As described in the response to 16C, the calculations are correct but reflect both actual changes in costs as well as changes to IOCS methodology.

C. No. They are the best estimates of "proportional" unit costs of the stated rate categories if, as stated in MMA/USPS-T22-29 B, C, and D, one defines the cost pools in the exact same manner as USPS-LR-L-110 for First-Class Presorted letters.

D. Not confirmed. As the response to MMA/USPS-16C describes, the calculations are correct but may not represent valid comparisons of unit costs or proportional unit costs because the changes observed may be as much reflective of changes in cost methodology as much as reflective of changes in costs.

MMA/USPS-20

Please refer to USPS witness Abdirahman's response to Interrogatory MMA/USPS-T22-19. He was asked to provide the average mail processing hourly wage rate and premium pay adjustment factors for First-Class and Standard mail for several fiscal years. His response did not provide the requested information. Instead, he referred generally to testimony in several rate proceedings. In addition, USPS witness Abdirahman stated his understanding that (1) wage rates are only calculated for the base and test years of rate cases, and (2) test year premium pay adjustment factors are never calculated for test years.

- A. Please confirm all information in the following table and fill in the fields that have not been completed. If you cannot confirm the information provided, please provide a revised table with corrections.

**Average Clerk / Mailhandler Wage Rates
Used And Projected By The United States Postal Service
In Docket Nos. R2000-1, R2001-1, R2005, And R2006-1**

DOCKET NO.	BASE YEAR	FISCAL YEAR	DATA SOURCE	AVERAGE CLERK – M/H WAGE RATE
R2000-1	1998	1998 (Actual)	USPS LR-I-127	\$ 24.88
R2000-1	1998	1999 (Projected)	USPS LR-I-127	\$ 25.90
R2000-1	1998	2000 (Projected)	USPS LR-I-127	\$ 26.95
R2000-1	1998	2001 (Projected)	USPS LR-I-127	\$ 27.97
R2000-1	1999	1999 (Actual)-Order 1294	USPS LR-I-421	\$ 25.88
R2000-1	1999	2000 (Projected)-Order 1294	USPS LR-I-421	\$ 26.99
R2000-1	1999	2001 (Projected)-Order 1294	USPS LR-I-421	\$ 28.45
R2001-1	2000	2000 (Actual)	USPS LR-J-50	\$ 27.07
R2001-1	2000	2001 (Projected)	USPS LR-J-50	\$ 28.44
R2001-1	2000	2002 (Projected)	USPS LR-J-50	\$ 29.57
R2001-1	2000	2003 (Projected)	USPS LR-J-50	\$ 30.77
R2005-1	2004	2004 (Actual)		
R2005-1	2004	2006 (Projected)	USPS-LR-K-55	\$ 35.77
R2006-1	2005	2005 (Actual)		
R2006-1	2005	2008 (Projected)	USPS-LR-L-55	\$ 37.99

- B. Please confirm that the specific premium pay adjustment factors that are calculated for the base year in a particular rate proceeding are also used for the test year in that proceeding. If no, please provide the premium pay adjustment factors for the fiscal years covered in Parts (C) and (D) of MMA.USPS-T22-19.

- C. Please confirm that wage rates are only calculated for the base and test years in rate proceedings. If no, please provide wage rates for all fiscal years covered by Parts (A) and (B) of MMA.USPS-T22-19.

RESPONSE.

- a. The base year wage rates from LR-K-55 which correspond to the test year wage rates listed in your table are as follows:

R2005-1	2004	2004 (Actual)	USPS-LR-K-55	\$ 33.27
R2005-1	2004	2006 (Projected)	USPS-LR-K-55	\$ 35.77
R2006-1	2005	2005 (Actual)	USPS-LR-L-55	\$ 34.13
R2006-1	2005	2008 (Projected)	USPS-LR-L-55	\$ 37.99

Please note that the table in the interrogatory mixes two types of wage rates. The wage rates listed for R2000-1 and R2001-1 are the average wage rates for clerks and mailhandlers, while the wage rates listed for R2005-1 and R2006-1 are referred to as 'disaggregated' wage rates, which exclude the Remote Encoding Centers and the Window Services.

The average wage rates from USPS-LR-L-50 are as follows:

R2005-1	2004	2004 (Actual)	USPS-LR-K-50	\$ 33.09
R2005-1	2004	2006 (Projected)	USPS-LR-K-50	\$ 35.58
R2006-1	2005	2005 (Actual)	USPS-LR-L-50	\$ 33.98
R2006-1	2005	2008 (Projected)	USPS-LR-L-50	\$ 37.82

- b. Confirmed.
- c. The 'disaggregated' wage rates are calculated only for the base and test years in rate proceedings. The average wage rates are calculated for the base and test years in rate proceedings and for interim years between the base and test years.

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MMA/USPS-21

Please refer to your response to MMA/USPS-T22-33 Part (B) (redirected from USPS witness Abdirahman).

The interrogatory referred you to pages 2 and 3 of Library Reference USPS-LR-L-141 (filed in response to POIR No. 5) which show the BMM "proportional" mail processing unit costs derived from the CRA (8.108 cents) and the mail-flow model (5.193 cents), respectively. Part (B) of MMA/USPS-T22-33 then asked confirmation that the BMM model provided by the Postal Service in response to POIR No. 5 is the only indication in R2006-1 that showed how well the mail flow models represent actual costs for letters that require processing within the Remote Bar Code System (RBCS).

You failed to confirm the statement in Part (B) and state that another portion of Library Reference USPS-LR-L-141, as well as portions of USPS-LR-L-48 and L-110, show that single piece nonmachinable letters are also processed in the RBCS.

Part (B) of MMA/USPS-T22-33 did *not* ask whether any other letter categories that were modeled also required processing within the RBCS. You were asked to confirm that the BMM model was the only model in R2006-1 whose results *could be compared to a CRA standard* in order to assess how well the mail flow models represent actual costs.

- A. Please confirm that there are no CRA costs available for single piece nonmachinable letters to compare how well the model results for such letters represent the actual costs obtained from the CRA. If you cannot confirm, please explain where CRA costs for single piece nonmachinable letters can be found in the R2006-1 record.
- B. Please confirm that the results of the BMM model provided in response to POIR No. 5 provide the only indication in R2006-1 as to how well the mail flow models represent actual costs (as obtained from the CRA) for a letter category that must be processed within the RBCS. If you cannot confirm, please explain.

Response:

A. Confirmed.

B. Partially confirmed. It is confirmed that there is nothing else on the record for R2006-1 showing model results for letter categories going through RBCS operations. However, the POIR response to which you refer is modeling

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metered letters which may contain handwritten letters. Furthermore, if you look at costs at the operation level, the results are not as clear cut with regard to the direction of the model's overstatement or understatement of costs.

<u>Operation - Cost Pool</u>	<u>Cost Sheet Value</u>	<u>Cost Pool Value</u>	<u>Difference</u>
ISS - OCR	1.162	1.146	0.016
RCR, REC, LMLM - LD15	0.134	0.378	(0.245)
OSS - BCS/DBCS	0.097	?.???	?.???

As the models are structured, RBCS is defined to include the ISS, RCR, REC, OSS, and LMLM operations. As you can see, the ISS values are fairly close between what is calculated in the cost sheet and the cost pool value. The LD 15 operations (RCR, REC, and LMLM) appear to understate the cost pool value. As has been stated on many occasions, however, the cost pool values are for all single-piece metered letters, not just BMM letters, which are considered to be homogenous trays of mail with machine printed addresses. Metered letters in general, however, could have handwritten addresses, which could explain the discrepancy between the cost sheet and cost pool values. Finally, the OSS costs are imbedded in the BCS/DBCS cost pool such that you can't compare the two values. Given that it is part of RBCS, it is not clear you could really use any model, as they are currently structured, as a tool to evaluate how accurately the RBCS costs are modeled. Moreover, the Postal Service is not using BMM letters cost estimate as a benchmark in this case.

MMA/USPS-22

Please refer to your response to Part (B) of Interrogatory MMA/USPS-T22-34 (redirected from USPS witness Abdirahman), which asked you to assume that the BMM mail flow model understates the number of letters that could be processed by automation. Using this assumption you were asked to confirm that the BMM model derived DPS % of 82.65% would be too high.

Your answer was no. You go on to explain that the DPS % would be higher if more letters were processed by automation.

- A. Please assume that the BMM mail flow model shows that 9,125 of 10,000 letters can be processed by automation, the model-derived DPS% is 82.65% and that the model-derived unit cost is 5.183 cents. Assume further that in fact only 7,500 of 10,000 letters can be processed by automation. Using this hypothetical, please confirm that it is likely that (1) the model derived DPS% of 82.65% is too high and (2) the model-derived unit cost of 5.183 cents is too low. If you cannot confirm, please explain.
- B. Please assume that the BMM mail flow model shows that 9,125 of 10,000 letters can be processed by automation, the model-derived DPS% is 82.65% and that the model-derived unit cost is 5.183 cents. Assume further that in fact the actual unit cost to process BMM letters is 8.0 cents. Using this hypothetical, please confirm that it is likely that (1) the model derived DPS% of 82.65% is too high and (2) the model-derived assumption that 9,125 of 10,000 letters can be processed by automation is overstated. If you cannot confirm, please explain.
- C. Please assume that the BMM mail flow model shows that 9,125 of 10,000 letters can be processed by automation, the model derived DPS% is 82.65% and that the model-derived unit cost is 5.183 cents. Assume further that in fact the actual DPS % for BMM letters is 70%. Using this hypothetical, please confirm that it is likely that (1) the model-derived assumption that 9,125 of 10,000 letters can be processed by automation is overstated and (2) the model-derived unit cost of 5.183 cents is too low. If you cannot confirm, please explain. If you cannot confirm, please explain.

Response:

- A. The question posed here is the opposite of what your original question in MMA/USPS-T22-34 asked. The original question incorporated a hypothetical that assumed that the mailflow model understated the share of letters that were successfully processed on automation, whereas the current hypothetical assumes that the mail flow model overstates the share of letters successfully

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processed on automation. Based on the hypothetical as currently posed, the response is "confirmed."

B. Not confirmed. This hypothetical states that the modeled cost does not match the actual cost, and assumes that only two possible reasons could exist for that discrepancy. In fact, the reasons for the difference in unit cost estimates may be due to something other than the DPS percentage or the success in processing on automation. For instance, please see the response to MMA/USPS-21B. It is also worth noting, again, that the "actual unit cost" to which you refer is not the cost for BMM, but the cost for the proxy of metered letters. The IOCS system cannot be used to isolate BMM letters mail processing unit cost estimates by shape. Consequently, the cost estimate for all metered letters is used. Furthermore, DPS data by rate category are not available. It is therefore not possible to determine, at the rate category level, whether a DPS percentage is too high or too low. The model inputs are what affect the model cost estimates. The DPS percentages are only a reflection of those inputs. The Postal Service has abandoned using the models to calculate DPS percentages at the rate category level in the instant proceeding, because it was determined that the models may not accurately estimate DPS percentages. Please refer to the response to MMA/USPS-T22-7 and MMA/USPS-T42-7.

C. Confirmed.

MMA/USPS-23

Please refer to your responses to Part (A) of Interrogatory MMA/USPS-T22-32 and Parts (B) and (D) of Interrogatory MMA/USPS-T22-35. In response to Part (A) of MMA/USPS-T22-32, you confirmed that, compared to the CRA cost for processing BMM, the model-derived unit cost was low by 2.915 cents or 36%. In your response to Part (B) of MMA/USPS-T22-35, you confirmed that BMM and NAMMA letters have similar physical characteristics and would be expected to have similar cost characteristics. However, your response to Part (D) of MMA/USPS-T22-35 failed to confirm that it is *likely* that the model-derived unit cost for NAMMA letters is as understated as the model-derived unit cost for BMM.

- A. Please confirm that USPS witness Abdirahman utilizes the CRA Proportional Adjustment factor derived for BMM letters (in R2005-1) to increase the model-derived unit cost for hand-addressed letters. See Library Reference USPS-LR-L-69, Schedule A, page 1. If you cannot confirm, please explain.
- B. Please confirm that the reason why USPS witness Abdirahman applies the BMM CRA Proportional Adjustment factor to increase the model-derived unit cost for hand-addressed letters is that it is likely that the model for hand-addressed letters understates actual CRA costs in the same way that the model for BMM model does. If you cannot confirm, please explain why the BMM CRA Proportional Adjustment factor was utilized to increase the model-derived unit cost for hand-addressed letters.
- C. Why doesn't Postal Service find it necessary to increase the model-derived unit cost for NAMMA letters by a percentage similar to the increase applied to the model-derived unit cost for hand-addressed letters?
- D. Please confirm that the Postal Service uses the CRA-derived unit cost for single piece metered letters as a proxy for the unit cost of its BMM benchmark, notwithstanding the fact that the BMM model produces a unit cost estimate that is 36% lower. If you cannot confirm, please explain.
- E. In light of your confirmation that BMM and NAMMA letters can be expected to exhibit similar cost characteristics, please explain why the Postal Service's model-derived unit cost for NAMMA letters is not adjusted upward in the same manner as the model-derived unit cost for hand-addressed letters is.
- F. What is meant by the reference to Part D in your response to Part (D) of MMA/USPS-35?

Response:

- A. Confirmed.

- B. The CRA adjustment factor is used to bring the modeled costs into alignment with the CRA-derived costs when the CRA-derived costs are available. In this particular case, the CRA adjustment factor happens to increase the modeled cost, but that should not be interpreted to mean that the modeled cost under- or overstates the actual cost. The CRA adjustment factor for BMM was used as the proxy for the QBRM analysis because BMM letters, QBRM letters, and handwritten letters reply mail letters are all subsets of the First-Class single-piece letters mail.
- C. The Nonautomation letters introduce additional issues that do not concern BMM letters, namely, the information addressed in the response to POIR No. 1, Question 1a in Docket No. R2005-1, which is why auto and nonauto costs are combined in this case.
- D. Not confirmed. The Postal Service is not proposing the use of the BMM benchmark in this case. However, it can be confirmed that in the exercise performed for POIR 5, the CRA-derived unit cost for single piece metered letters is used as a proxy for the unit cost of the BMM benchmark.
- E. Please see the response to part C above.
- F. Please see the response to MMA/USPS-35, part B only.

MMA/USPS-24

Please refer to your response to Interrogatory MMA/USPS-13 and to your response to TW/USPS-6. In response to Part a of Interrogatory TW/USPS- 6, you indicate four items that you have incorporated into the QBRM savings model you say uses the Commission's methodology from R2000-1.

- A. For item number 1, did you make the same assumption with respect to the Miscellaneous Factor page for both QBRM and hand addressed (HAND) letters? If not, please explain why such a change is necessary for QBRM letters but not HAND letters?
- B. For item number 3, did you make the same assumption with respect to the QBRM Density table for both QBRM and HAND letters? If not, please explain why such a change is necessary for QBRM letters but not HAND letters?
- C. For item number 3, did you make the same assumption with respect to mail accepted into the incoming SCF/Prim operation for both QBRM and HAND letters? If not, please explain why such a change is necessary for QBRM letters but not HAND letters?

Response:

- A. No. The response was referring to BRAMAS operations. The QBRM model uses a Miscellaneous Factor of 100% processed in the incoming secondary in 2-Pass DPS (DBCS) operation. The hand written reply mail letters model uses a Miscellaneous Factor of 78.97 % processed in the incoming secondary in 2-Pass DPS (DBCS) operation.

(B-C) Yes. For the incoming MMP operations for QBRM and handwritten reply letters, this table flows 100% of the mail to the incoming SCF/PRIM operations.

MMA/USPS-25.

Please refer to your response to R2005-1 Interrogatory MMA/USPS-11 and your responses to R2006-1 Interrogatories MMA/USPS-2-6. In response to R2005-1 Interrogatory MMA/USPS-11, you indicated that, in FY 2004, 38 PostalOne! mailers sent out approximately 9.4 billion First-Class workshared letters using permits held in their own names. In response to R2006-1 Interrogatory MMA/USPS-2, you indicate that, according to the CBCIS data system, in FY 2005 35 PostalOne! mailers sent out approximately 25.3 billion First-Class workshared letters using permits held in their own names. In response to Interrogatory MMA/USPS-5 you report that, in FY 2005, the largest 100 First Class workshare letter permit numbers entered approximately 20.2 billion First Class workshare letters at PostalOne! equipped offices. In response to Interrogatory MMA/USPS-6 you report that, in FY 2005, the largest 200 First Class workshare letter permit numbers entered approximately 26.7 billion First Class workshare letters at PostalOne! equipped offices. In response to Interrogatory MMA/USPS-5, you report that in FY 2005 32,016 unique permit numbers were used to submit First Class workshare letter mailings at PostalOne! equipped offices.

- A. Was the figure of 9.4 billion First Class workshare letters reported for FY 2004 in your response to R2005-1 Interrogatory MMA/USPS-11 also obtained from the CBCIS data system that you used to obtain the 25.3 billion First Class workshare letters reported for FY 2005 in your response to R2006-1 Interrogatory MMA/USPS-2? If not, please use the CBCIS data system to provide the volume of First Class workshare letters sent out in FY 2004 by the 38 PostalOne! mailers using permits held in their own names (i.e. the figure that is comparable to the 25.3 billion figure reported for FY 2005).
- B. What do you mean by "PostalOne! equipped offices"? Is this meant to indicate that the PostalOne! equipped offices are mailers' facilities or that they are Postal Service facilities? If PostalOne! equipped offices refers to Postal Service facilities, please indicate how many offices are equipped with PostalOne!, the type of offices that are equipped with PostalOne!, and the number of offices that are not equipped with PostalOne! In addition, please describe the function(s) that are performed with PostalOne! when a Postal Service office is equipped with PostalOne!
- C. Does your response to Interrogatory MMA/USPS- 5 mean that the 35 PostalOne! customers used 32,016 unique permit numbers to mail the 25.3 billion First Class workshare letters you report in response to Interrogatory USPS/MMA-2? If not, please explain what the 32,016 unique permits number is meant to signify.
- D. In response to R2005-1 Interrogatory MMA/USPS-2 (H), you reported that, in R2005-1 BY 2004, more than 90,100 First-Class workshare mailers entered such mail. What is the comparable number of First Class workshare mailers in R2006-1 BY 2005?
- E. Please explain how in one year, from R2005-1 BY 2004 to R2006-1 BY 2005, the volume of First Class workshared letters sent out by Postal One! mailers using permits in their own names grew from 9.4 billion to 25.3

- billion letters, while the number of Postal One! mailers declined from 38 to 35.
- F. Does the decline in the number of Postal One! mailers, from 38 to 35, indicate that (1) 3 PostalOne! mailers withdrew from the PostalOne! program or (2) although new mailers joined the PostalOne! program, more mailers withdrew (resulting in a net decline of 3 mailers) or (3) the number of participating PostalOne! declined due to business combinations between two or more existing PostalOne! mailers or (4) some combination of these changes? Please explain your answer.
- G. With respect to the first 100 largest First Class workshare letter permits that accounted for 20.2 billion letters in FY 2005, please provide the number of such permits that were held by the 35 PostalOne! mailers in their own names and the total volumes of First Class workshare letters mailed under those permits during FY 2005.
- H. With respect to the second 100 largest First Class workshare letter permits that accounted for an additional 6.5 billion letters in FY 2005, please provide the number of such permits that were held by the 35 PostalOne! mailers in their own names and the total volume of First Class workshare letters mailed under those permits during FY 2005.

RESPONSE:

PostalOne! is a suite of business capabilities that allows the Postal Service to collaborate with its business customers. The *PostalOne!* suite includes, among other services, the *PostalOne!* Shipping Systems, the Electronic Verification System (e-VS), Automated Drop Shipment Scheduling Services and the *PostalOne!* mailing statement database that has replaced the PERMIT system.

- A. The Postal Service has better information today than it did before regarding which customers have which permits, especially where large enterprises operate under multiple names and permits. The numbers in the previous docket also were obtained from a different source. The volume of 9.4 billion First-Class letters reported for FY2004 was compiled using an older grouping of customer sites with fewer locations than the one used more recently. Use of the more recent groupings and with FY2004 shows a First-Class letters volume of 23,555,564,525, and card volume of 179,375,571.

- B. Look first to the initial paragraph of this response. With respect to the context in which responses to interrogatories MMA/USPS-4-6/R2006-1 were formulated, *PostalOne!* equipped facilities are offices that have the ability to input mailing statement data into the *PostalOne!* mailing statement database. At the end of FY 2005 2,654 finance numbers entered mailing statement data into this database. Each finance number may consist of multiple facilities.
- C. No, assuming the question refers to the response to MMA/USPS-4/R2006-1. As stated in the response to MMA/USPS-2, 35 customers were using *PostalOne!* Shipping Systems which is one of several components of *PostalOne!* Thousands of additional Postal Service customers were entering mail at facilities equipped with the ability to enter postage statement information into the *PostalOne!* mailing statement database. In FY 2005 32,016 unique permit numbers submitted First Class workshared mail at these facilities.

In order to be eligible to mail at discounted rates, mailers are required to pay a presort mailing fee and for each fee paid the mailer is assigned a permit number at the office where the mail is verified and accepted. When a mailing is presented, the permit number used to enter the mailing is recorded on the postage statement. The data in the *PostalOne!* mailing statement database is organized by permit number of the entity entering the mailing. Mailers often maintain multiple permit numbers for various reasons including the needs to enter mail at multiple offices and to facilitate accounting.

The Postal Service does not maintain a comprehensive mapping of permit numbers to business entity. In some cases, customers using one of the centralized payment options will identify all the permit numbers used by the business entity. This allows the Postal Service to aggregate across permit numbers to calculate mailing statistics for a particular business

entity. However the Postal Service does not require business entities to report all permit numbers they use to enter mailings.

- D. In the Docket No. R2005-1 response to MMA/USPS-2(H), the reported 90,100 First-Class workshare mailers was based upon enumeration of all permit numbers associated with mailings of First-Class workshare mail at facilities equipped to put postage statement information into the *PostalOne!* mailing statement database. This count includes the permit numbers used to submit the mail and the permit numbers of customers that used a mailing service provider to prepare and enter their mail. In FY 2005, the comparable number of permit numbers associated with mailings entered at discounted First-Class rates is 107,641.
- E. As reflected in the response to part (A), above, the number to compare with 25.3 billion pieces is instead 23,555,564,525.
- F. The decline in the number of First-Class mailers participating in the *PostalOne!* Transportation Management program is a combination of mailers withdrawing from the *PostalOne!* Transportation Management program and consolidation within the First-Class Mailer industry.

INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE MAJOR MAILERS ASSOCIATION

MMA/USPS-25

Please refer to your response to R2005-1 Interrogatory MMA/USPS-11 and your responses to R2006-1 Interrogatories MMA/USPS-2-6. In response to R2005-1 Interrogatory MMA/USPS-11, you indicated that, in FY 2004, 38 PostalOne! mailers sent out approximately 9.4 billion First-Class workshared letters using permits held in their own names. In response to R2006-1 Interrogatory MMA/USPS-2, you indicate that, according to the CBCIS data system, in FY 2005 35 PostalOne! mailers sent out approximately 25.3 billion First-Class workshared letters using permits held in their own names. In response to Interrogatory MMA/USPS-5 you report that, in FY 2005, the largest 100 First Class workshare letter permit numbers entered approximately 20.2 billion First Class workshare letters at PostalOne! equipped offices. In response to Interrogatory MMA/USPS-6 you report that, in FY 2005, the largest 200 First Class workshare letter permit numbers entered approximately 26.7 billion First Class workshare letters at PostalOne! equipped offices. In response to Interrogatory MMA/USPS-5, you report that in FY 2005 32,016 unique permit numbers were used to submit First Class workshare letter mailings at PostalOne! equipped offices.

- G. With respect to the first 100 largest First Class workshare letter permits that accounted for 20.2 billion letters in FY 2005, please provide the number of such permits that were held by the 35 PostalOne! mailers in their own names and the total volumes of First Class workshare letters mailed under those permits during FY 2005.
- H. With respect to the second 100 largest First Class workshare letter permits that accounted for an additional 6.5 billion letters in FY 2005, please provide the number of such permits that were held by the 35 PostalOne! mailers in their own names and the total volume of First Class workshare letters mailed under those permits during FY 2005.

RESPONSE:

G.

	Count	Volume Total	# Permits in PostalOne	% Permits in PostalOne	PostalOne Volume	% PostalOne Volume
First	100	20,208,386,457	57	57.0	13,497,676,610	66.8

H.

	Count	Volume Total	# Permits in PostalOne	% Permits in PostalOne	PostalOne Volume	% PostalOne Volume
Next	100	6,471,425,036	18	18.0	1,214,621,132	18.8

MMA/USPS-26

Please refer to your responses to Interrogatories MMA/USPS-14 -19. It appears from your answers that you agree that unit costs (using the Commission's attributable cost methodology) for R2005-1 TY 2006 and R2006-1 TY 2008 can be computed in the manner that MMA had done, but that you do not agree that the changes in those unit costs accurately measure the "real" cost changes. Furthermore, you refuse to accept those derived unit cost comparisons because of "a change to the method used to collect and assign IOCS tallies."

- A. Does the preface to this interrogatory accurately reflect your position? If not, please explain exactly what your position is at it relates to the accuracy of the R2005-1 TY 2006 and R2006-1 TY 2008 CRA cost data.
- B. Please provide the most accurate mail processing unit costs for R2005-1 TY 2006 and R2006-1 TY2008, as well as the percent changes for (1) First-Class single piece letters, (2) First-Class metered mail letters, (3) First-Class presorted letters and (4) Standard Regular letters (4). If your derived unit costs would be the same as MMA's, please state so. . If your derived unit costs differ from those derived by MMA, please provide the derivation of each unit cost together with the sources for all your computations. If you believe that it is not possible to derive accurate unit costs with which to compute the cost increase between R2005-1 BY 2004 and R2006-1 BY 2005 that you can accept, please state so.
- C. Please provide the most accurate "proportional" mail processing unit costs (as defined according to your cost pool classifications provided in this case) for R2005-1 TY 2006 and R2006-1 TY2008, as well as the percent changes for (1) First-Class single piece letters, (2) First-Class metered mail letters, (3) First-Class presorted letters and (4) Standard Regular letters. If your derived unit costs would be the same as MMA's, please state so. If your derived unit costs differ from those derived by MMA, please provide the derivation of each unit cost together with the sources for all your computations. If you believe that it is not possible to derive accurate unit costs with which to compute the cost increase between R2005-1 BY 2004 and R2006-1 BY 2005 that you can accept, please state so.

Response:

- A. Yes.
- B. The PRC mail processing total unit costs for (1) First-Class single piece letters, (2) First-Class metered mail letters, (3) First-Class presorted letters and (4) Standard Regular letters were developed by witness Smith.

MMA has shown those unit costs correctly.

C. The proportional unit cost calculations for 1) First-Class single piece letters, (2) First-Class metered mail letters, (3) First-Class presorted letters and (4) Standard Regular letters performed by MMA were done correctly.

MMA/USPS-27

Please refer to your response to Interrogatories MMA/USPS-14 -19. It appears from your answers that you do not accept a comparison of R2005-1 BY 2004 and R2006-1 BY 2005 cost data (which are the bases for TY 2006 and TY 2008 costs) because of "a change to the method used to collect and assign IOCS tallies."

- A. Does the preface to this interrogatory accurately reflect your position? If not, please explain exactly what your position is at it relates to the accuracy of the BY 2004 and BY 2005 CRA cost data.
- B. Please indicate precisely where in the record the Postal Service explains exactly what changes were made to the method used to collect and assign IOCS tallies took place as those changes relate to First Class. If such an explanation is not available, please explain exactly what changes were made to the method used to collect and assign IOCS tallies and when such changes were implemented.
- C. Please explain exactly how changes to the method used to collect IOCS tallies affect the reported costs for (1) First-Class single piece letters, (2) First-Class metered mail letters, (3) First-Class presorted letters and (4) Standard Regular letters.
- D. Please explain exactly how changes to the method used to assign IOCS tallies affect the reported costs for (1) First-Class single piece letters, (2) First-Class metered mail letters, (3) First-Class presorted letters and (4) Standard Regular letters.
- E. Please explain why and how the changes to the method used to collect and assign IOCS tallies improves the cost reporting for (1) First-Class single piece letters, (2) First-Class metered mail letters, (3) First-Class presorted letters and (4) Standard Regular letters.

Response:

- a. Yes.
- b.-d. The Postal Service is not aware of any change to IOCS that would be expected to materially affect the measurement of costs for metered First-Class Mail letters. Otherwise, please see the response to MMA/USPS-T22-53c-d.
- e. The Postal Service did not analyze the effect of the IOCS redesign on the costs for metered First-Class Mail letters. For discussion of the effects of

the IOCS redesign on other subclasses, please see USPS-T-46 at 22-26,
27-29, 32-34 and 38-39.

MMA/USPS-T22-15

Please refer to R2000-1 Library Reference PRC-LR-12, Part B, sheets HANDWRITTEN FLOW MODEL and QBRM FLOW MODEL.

- A. Please confirm that, according to the Commission's model for HAND letters, 21.46% are unable to be sorted by automation through delivery. If you cannot confirm, please explain.
- B. Please confirm that, according to the Commission's model for QBRM letters, 10.71% are unable to be sorted by automation through delivery. If you cannot confirm, please explain.
- C. Please confirm that, after the first barcoded sortation, the percentage of HAND letters likely to be processed manually is almost twice that of QBRM letters. If you cannot confirm, please explain.
- D. Please confirm that the Commission's model addresses and includes mail processing savings after the first barcoded sortation since, at that point, fewer HAND letters are able to be processed by Automation. If you cannot confirm, please explain.

RESPONSE:

- A. Confirmed.
- B. Confirmed.
- C. Confirmed.
- D. Confirmed.

**Response of United States Postal Service
To Interrogatory of Major Mailers Association, MMA/USPS-T22-27
Redirected from Witness Abdirahman**

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MMA/USPS-T22-27

Please refer to Library Reference USPS-LR-L-110, pages 3 and 45 where you derive the total and proportional unit costs for First-Class Presorted and Standard Presorted letters using the Commission's attributable cost methodology.

- A. Please confirm that you show the total unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) are 5.000 cents and 4.314 cents, respectively, for TY 2008 in this case. If you cannot confirm, please provide the correct total unit costs and explain how you derived them.
- B. Please confirm that, in R2005-1, the total unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 were 4.580 and 4.621 cents, respectively, as derived in the following table. If you cannot confirm, please provide the correct unit cost figures and explain how you derived them.

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 CRA TY Unit Cost (\$)	Associated Volume (000)	Total Cost (\$ 000) (1) x (3)	Combined Unit Cost (\$) (3) / (2)
First-Class:				
Nonautomation	0.22275	1,949,367	434,216	
Automation (No Car Rt)	0.03836	43,841,671	1,681,930	
Carrier Route	0.01930	718,203	13,859	
Presorted		46,509,242	2,130,006	0.04580
Standard:				
Nonautomation	0.17303	3,517,027	608,537	
Automation	0.03621	44,600,687	1,614,990	
Presorted		48,117,714	2,223,527	0.04621

Source: USPS-LR-K-99

- C. Please explain why the total unit cost to process an average presorted First-Class letter was **lower** by 0.041 cents than the total unit cost to process an average presorted Standard mail letter in the TY 2006 in R2005-1, but **higher** by 0.686 cents for TY 2008 in R2006-1.
- D. Please confirm that, for First-Class presorted letters, the total unit processing cost is expected to increase by 9.2% $(5.000/4.580 - 1.00)$ between the TY 2006 in R2005-1 and TY 2008 in R2006-1. If you cannot confirm, please provide the correct percentage increase and explain how it was derived.
- E. Please confirm that, for Standard presorted letters, the total unit processing cost is expected to decrease by 6.6% $(4.314/4.621 - 1.00)$ between the TY 2006 in R2005-1 and TY 2008 in R2006-1. If you cannot

**Response of United States Postal Service
To Interrogatory of Major Mailers Association, MMA/USPS-T22-27
Redirected from Witness Abdirahman**

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confirm, please provide the correct percentage increase and explain how it was derived.

RESPONSE:

- A. Confirmed.
- B. Confirmed.
- C. See the response of witness Bozzo, USPS-T-46, to MMA/USPS-T22-2, part d.
- D. Confirmed.
- E. Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY
OF MAJOR MAILERS ASSOCIATION, REDIRECTED FROM WITNESS
ABDIRAHMAN

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MMA/USPS-T22-28

Please refer to Library Reference USPS-LR-L-110, pages 3 and 45, where you divide the CRA unit cost pools for presorted letters between "proportional" and "fixed" for First-Class and Standard presorted letters.

- A. Please confirm that you show the "proportional" unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) are 3.234 cents and 2.728 cents, respectively, for TY 2008 in this case. If you cannot confirm, please provide the correct "proportional" unit costs and explain how you derived them.
- B. Please confirm that, in R2005-1, your data showed that the "proportional" unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 were 2.739 and 2.702 cents, respectively, as derived in the following table. If you cannot confirm, please provide the correct unit costs and explain how you derived them.

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 "Proportional" TY Unit Cost (\$)	Associated Volume (000)	Total "Proportional" Cost (\$ 000) (1) x (3)	Combined "Proportional" Unit Cost (\$) (3) / (2)
First-Class:				
Nonautomation	0.13414	1,949,367	261,485	
Automation	0.02272	44,559,875	1,012,612	
Presorted		46,509,242	1,274,097	0.02739
Standard:				
Nonautomation	0.10778	3,494,388	376,616	
Automation	0.02073	44,824,099	929,150	
Presorted		48,318,487	1,305,766	0.02702

Source: USPS-LR-K-110 Page 6, 20, 61, 62 52, 89

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C. Please confirm that, if you had defined worksharing related proportional cost pools in R2005-1 in the exact same manner as you define "proportional" cost pools in R2006-1, then the "proportional" unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 would have been 2.904 cents and 2.965 cents, respectively, as derived in the following table. If you cannot confirm, please provide the correct unit costs and explain how they are derived. (Note that in order to coincide with your cost categories for this case there were several necessary changes. For First-Class Automation letters, the costs for the following pools have been switched from "workshare-related fixed" to "proportional:" 1OPBULK, 1OPPREF, and 1POUCHING. For First-Class Nonautomation letters, the costs for 1PRESORT have been switched from "workshare-related proportional" to "fixed." For Standard Automation letters, the following cost pools have been switched from "workshare-related fixed" to "proportional:" SPBS OTH, 1OPBULK, 1OPPREF, 1POUCHING and SPB. In addition, for both Standard Automation and Nonautomation letters, the cost pool SPBSPRIO has been switched from "nonworkshare-related fixed" to "proportional").

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 "Proportional" " TY Unit Cost (\$)	Associated Volume (000)	Total "Proportional" " Cost (\$ 000) (1) x (3)	Combined "Proportional" " Unit Cost (\$) (3) / (2)
First-Class:				
Nonautomation	0.13377	1,949,367	260,769	
Automation (No Car Rt)	0.02465	43,841,671	1,080,832	
Carrier Route	0.01283	718,203	9,213	
Presorted		6,509,242	1,350,814	0.02904
Standard:				
Nonautomation	0.10793	3,517,027	379,609	
Automation	0.02347	44,600,687	1,046,946	
Presorted		48,117,714	1,426,556	0.02965

Source: USPS-LR-K-99

- D. Please confirm that the "proportional" unit processing cost of an average First-Class presorted letter is expected to increase by 11.3% $(3.2337/2.904 - 1.00)$ between TY 2006 in R2005-1 and TY 2008 in R2006-1. If you cannot confirm, please provide the correct percentage increase and show how you derived it.
- E. Please confirm that the "proportional" unit processing cost of an average Standard presorted letter is expected to decrease by 8.0% $(2.728/2.965 - 1.00)$ between the TY 2006 in R2005-1 and TY 2008 in R2006-1. If you cannot confirm, please provide the correct percentage increase and show how you derived it.

Response:

- A. Confirmed.
- B. Not confirmed. In Docket No. R2005-1, the automation and nonautomation costs were not combined for either First-Class Mail or Standard mail. Therefore, USPS-LR-K-110 did not include a proportional unit cost for either First-Class Mail presort or Standard presort. However, the calculations in the table are performed correctly.
- C. Not confirmed. In Docket No. R2005-1, the automation and nonautomation costs were not combined for either First-Class Mail or Standard mail. Therefore, USPS-LR-K-110 did not include a proportional unit cost for either First-Class Mail presort or Standard presort. Moreover, neither USPS-LR-K-110 nor USPS-LR-K-99 provide a proportional unit cost for carrier route mail. However, the calculations in the table are performed correctly.
- D. Not confirmed. See response to part C. However, the calculations in the table are performed correctly

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OF MAJOR MAILERS ASSOCIATION, REDIRECTED FROM WITNESS
ABDIRAHMAN

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E. Not confirmed. See response to part C. However, the calculations in the
table are performed correctly

MMA/USPS-T22-29

Please refer to Library Reference USPS-LR-L-110, page 3 where you compute the CRA unit costs to process First Class Presorted letters, page 45, where you compute the CRA unit costs to process Standard Presorted letters, and Library Reference USPS-LR-L-99, the source for your cost pool data.

- A. Please confirm that, if you define cost pools in the exact same manner as you do for First-Class Presorted letters, the TY 2008 total unit cost and proportional unit cost for First-Class single piece letters are 14.0511 cents and 8.9577 cents, respectively. If you cannot confirm, please provide the correct total unit cost and proportional unit cost for First-Class single piece letters and explain how you derive them.
- B. Please confirm that, if you define cost pools in the exact same manner as you do for First-Class Presorted letters in R2006-1, the total unit cost and proportional unit cost for First-Class single piece letters in TY 2006 in R2005-1 would be 13.4802 cents and 8.6275 cents, respectively. If you cannot confirm, please provide the correct total and proportional unit costs for First-Class single piece letters and explain how they are derived.
- C. Please confirm that, if you define cost pools in the exact same manner as you do for First-Class Presorted letters, TY 2008 total unit cost and proportional unit cost for First-Class Metered Mail letters are 13.1287 cents and 8.5733 cents, respectively. If you cannot confirm, please provide the correct total unit cost and proportional unit cost for First-Class single piece letters.
- D. Please confirm that, if you define cost pools in the exact same manner as you do for First-Class Presorted letters in R2006-1, the total unit cost and proportional unit cost for First-Class Metered Mail letters in R2005-1 TY 2006 would be 12.7727 cents and 8.2858 cents, respectively. If you cannot confirm, please provide the correct total and proportional unit cost for First-Class Metered Mail letters.
- E. Please confirm the unit costs and expected increases as shown in the table below. If you cannot confirm, please make any necessary corrections and explain why you made each correction.

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Letter Rate Category	Total Unit Cost			"Proportional" Unit Cost		
	TY 2006 R2005-1	TY 2008 R2006-1	Percent Increase	TY 2006 R2005-1	TY 2008 R2006-1	Percent Increase
Single Piece	13.4802	14.0511	4.2%	8.6275	8.9577	3.8%
Metered Mail	12.7727	13.1287	2.8%	8.2858	8.5733	3.5%
Presorted	4.5797	4.9998	9.2%	2.9044	3.2337	11.3%
Standard Presorted	4.6210	4.3138	-6.6%	2.9647	2.7280	-8.0%

- F. Please confirm that the total unit cost of processing First-Class Presorted letters is expected to increase at more than three times the rate of First-Class Metered Mail letters (9.2% compared to 2.8%) between TY 2006 in R2005-1 and TY 2008 in R2006-1. If you cannot confirm, please explain.
- G. Please confirm that the "proportional" unit cost of processing First-Class Presorted letters is expected to increase at more than three times the rate of First-Class Metered Mail letters (11.3% compared to 3.5%). If you cannot confirm, please explain.
- H. Please confirm that, while the total and proportional unit costs for First-Class single piece, metered mail and presorted letters are expected to rise between TY 2006 in R2005-1 and TY 2008 in R2006-1, both the total unit cost and proportional unit cost of Standard Presorted letters are expected to decline, as the Table in Part (E) shows. If you cannot confirm, please explain.

Response:

- A. Partially confirmed. The 14.0511 cents is the total unit cost for a TY2008 First-Class single piece letter in Docket No. R2006-1. The proportional unit cost number for First-Class single piece letters was not been provided in any library reference. Since a CRA cost for First-Class single piece letters is available, there is no reason to model the cost or derive a proportional unit cost. If one was to take the First-Class single piece letters cost pools from USPS-LR-L-99 and insert them into USPS-LR-L-110, page 3, column C, one would obtain the unit cost of 8.9577 cents.

- B. Partially confirmed. The 13.4802 cents was the total unit cost for a TY2006 First Class single piece letter in Docket No. R2005-1. The proportional unit cost number for First-Class single piece letters was not provided in any library reference. Since a CRA cost for First-Class single piece letters is available, there is no reason to model the cost or derive a proportional unit cost. If one was to take the First-Class single piece letters cost pools from USPS-LR-K-99 and insert them into USPS-LR-K-110, page 3, column C with the pools classified in the exact same manner as in R2006-1, one would obtain the unit cost of 8.6275.
- C. Partially confirmed. The total unit cost for TY2008 First-Class Metered Mail letters in Docket No. R2006-1 is 13.1287. Since a CRA cost for First-Class Metered Mail is available, there is no reason to model the cost or derive a proportional unit cost. If one was to take the First-Class Metered Mail letters cost pools from USPS-LR-L-99 and insert them into USPS-LR-L-110, page 3, column C, one would obtain the unit cost of 8.5733 cents.
- D. Partially confirmed. In Docket No. R2005-1, the total unit cost for TY2008 First-Class Metered Mail letters was 12.7727. Since a CRA cost for First-Class Metered Mail is available, there is no reason to model the cost or derive a proportional unit cost. If one was to take the First-Class Metered Mail letters cost pools from USPS-LR-K-99 and insert them into USPS-LR-K-110, page 3, column C with the pools classified in the exact same manner as in R2006-1, one would obtain the unit cost of 8.2858.
- E. The total unit cost is confirmed. Please refer to responses to parts A-D.
- F. Confirmed.
- G. Not confirmed. Please responses to part A-D. However, the calculations have been performed correctly.
- H. Not confirmed. Please responses to part A-D. However, the calculations have been performed correctly.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY
OF MAJOR MAILERS ASSOCIATION, REDIRECTED FROM WITNESS
ABDIRAHMAN

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MMA/USPS-T22-30

Please refer to Library Reference USPS-LR-L-110, pages 2 and 44 where you show the BY 2005 volumes for First-Class Presorted and Standard Presorted letters, respectively. Please also refer to Library Reference USPS-LR-K-99, worksheet "class", which indicates the BY 2004 volumes for First-Class and Standard Automation and Nonautomation letters in R2005-1.

- A. Please confirm the volumes and percentages shown in the table below for First-Class and Standard letters for BY 2005 in R2005-1 and BY 2005 in R2006-1. If you cannot confirm, please provide the correct volumes and percentages and the source of your computations.

Rate Category (Letters)	R2005-1 BY 2004 Volume	R2005-1 BY 2005 % of Total	R2006-1 BY 2005 Volume	R2006-1 BY 2005 % of Total
FC Automation	44,559,875	95.8%	46,408,216	96.4%
FC Nonautomation	1,949,367	4.2%	1,739,317	3.6%
Total	46,509,242	100.0%	48,147,533	100.0%
Std Automation	44,600,687	92.7%	47,966,110	93.7%
Std Nonautomation	3,517,027	7.3%	3,236,316	6.3%
Total	48,117,714	100.0%	51,202,426	100.0%

- B. Please confirm First-Class Presorted Letters exhibit a higher degree for automated letters in both BY 2004 in R2005-1 and BY 2005 in R2006-1. If you cannot confirm, please explain.
- C. Please confirm all other factors being equal, the higher Automation/Nonautomation mix exhibited by First-Class presorted letters should allow the Postal Service to process First-Class presorted letters at a lower cost than required to process Standard Presorted letters. If you cannot confirm, please explain.

Response:

- A. Confirmed that volumes and percentages are accurate for BY 2004 (not BY2005), in Docket No. R2005-1 and BY 2005 in Docket No. R2006-1.
- B. Cannot confirm because the use of the term "higher degree" is unclear
- C. Confirmed, all other factors being equal.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
MAJOR MAILERS ASSOCIATION, REDIRECTED FROM WITNESS ABDIRAHMAN

MMA/USPS-T22-31

Please refer to Library Reference USPS-LR-L-141, which was filed in response to POIR No. 5. Page 3 provides the model-derived unit mail processing cost for bulk metered mail (BMM).

- A. Please confirm that, for column 5, "Premium Pay Adjust", the Postal Service used the premium pay adjustment factor of 1.015 as shown on page 48 for presorted letters and applied this factor in deriving BMM unit costs? If you cannot confirm, please explain.
- B. If you confirm part (A), please explain why the Postal Service used the premium pay adjustment factor for presorted letters (1.015) rather than the premium pay adjustment factor for single piece letters (1.012).

Response:

- A. Confirmed.
- B. Premium pay adjustment factor for single piece letters should have been used.

An errata to USPS-LR-L-141 will be filed.

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MAJOR MAILERS ASSOCIATION, REDIRECTED FROM WITNESS ABDIRAHMAN

MMA/USPS-T22-32

Please refer to Library Reference USPS-LR-L-141, which was filed in response to POIR No. 5. Pages 2 and 3 provide the BMM "proportional" mail processing unit costs derived from the CRA (8.108 cents) and mail-flow model (5.193 cents), respectively.

- A. Please confirm that, compared to the CRA cost for processing BMM, the model-derived unit cost is low by 2.915 cents or 36%. If you cannot confirm, please explain.
- B. Please confirm that the derived CRA Proportional Adjustment Factor (1.561) derived on page 3 indicates that the CRA-derived unit cost is 56% higher than the model-derived unit cost. If you cannot confirm, please explain.
- C. Please confirm that, in R2005-1, the comparable CRA Proportional Adjustment Factors using the Postal Service's attributable cost methodology and the Commission's attributable cost methodology were 1.454 and 1.488, respectively. (See R2005-1 Library References USPS-LR-K-48 and USPS-LR-K-110) If you cannot confirm, please explain.
- D. Please confirm that, in this case, there have been no modifications to the mail flow models that would tend to increase model-derived costs, particularly as they relate to BMM letters, to enable the results to be closer to the CRA-derived costs. If you cannot confirm, please explain.
- E. Please confirm that the cost understatement resulting from the mail flow model for BMM is even higher in R2006-1 (by 56%) than it was in R2005-1 (45% or 49%). If you cannot confirm, please explain.

Response:

- A. Confirmed.
- B. Confirmed.
- C. Confirmed.
- D. Partially confirmed. The inputs to the mail flow models were updated but no other changes were made to the mail flow models. One factor that affects how close the modeled cost for BMM is to the CRA Metered Mail cost is the mail mix. The CRA metered letter costs, which were used as a proxy for BMM, include costs for BMM letters entered in full trays, metered bundles, and perhaps even individual pieces of metered mail. This is why one would not

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
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expect to see a CRA proportional adjustment factor of 1.0. We do not know the mix of these mail types for a given year or how that mix changes from year to year. As a result, we cannot evaluate whether a shift in mail mix has affected changes in the proportional CRA adjustment factor from one case to the next.

- E. Partially confirmed that CRA adjustment factor for BMM in Docket No. R2005-1 under PRC methodology was 1.4778 cents and CRA adjustment factor for BMM under PRC methodology presented in the revised USPS-LR-141 in Docket No. R2006-1 is 1.564 cents. We cannot confirm that the models differ from actual BMM costs because we do not know the actual BMM costs. Please see the response to part D.

MMA/USPS-T22-34

Please refer to Library Reference USPS-LR-L-141, which was filed in response to POIR No. 5. Page 3 provides the model-derived DPS % (82.65%) for BMM.

- A. If the BMM model-derived unit cost is 2.915 cents lower than the CRA-derived unit cost, is it reasonable to conclude that the model overstates the number of letters can be processed by automation and understates the number of letters that must be processed manually? If no, please provide the specific reason why this would not be true.
- B. If the models do, in fact, understate the number of letters that can be processed by automation, would the derived DPS % of 82.65% be too high? If your answer is anything other than an unqualified yes, please explain.

Response:

- A. No, it is not reasonable to conclude that the model understates the number of BMM pieces rejected and processed manually. The single piece metered letters costs by shape were used as a proxy for BMM letters, which cannot be quantified. The proxy, however, does not reflect "actual" BMM letters cost. Instead, the methodology used in R2001-1, R2005-1, and USPS-LR-L-141 , used the CRA cost for single piece metered letters as a proxy for BMM. It is possible that the difference in the model derived costs and the CRA costs are attributable, in part, to the mail mix of single piece metered mail. See response to MMA/USPS-T-22-32(D).
- B. No. The DPS percentages would be higher if more BMM letters were to be processed on automation.

MMA/USPS-T22-35

Please refer to Library Reference USPS-LR-L-141, which was filed in response to POIR No. 5. Please refer to pages 2 and 3 for BMM costs and pages 21 and 22 for Nonautomation machineable mixed AADC/AADC (NAMMA) letter costs.

- A. Please confirm that the mail flow model and resulting unit cost for NAMMA letters is identical to that provided for BMM letters. If you cannot confirm, please explain.
- B. If the BMM model-derived unit cost is 2.915 cents lower than the CRA-derived unit cost, is it reasonable to conclude the model-derived unit cost for NAMMA letters is similarly understated? Please explain your answer.
- C. Please confirm that the only differences between the mail flow model for NAMMA letters, shown on pages 14 and 15 of Library Reference USPS-LR-L-48 and the mail flow model shown on pages 21 and 22 of Library Reference USPS-LR-L-141 for NAMMA letters are that there are different productivities and other factors associated with the Postal Service's attributable cost methodology compared to the Commission's methodology. If you cannot confirm, please explain.
- D. Is it likely that the model-derived unit cost for NAMMA letters provided on page 14 of USPS-LR-L-48 is as understated as the BMM unit cost derived on page 3 of Library Reference USPS-LR-L-141? If not, please explain.

Response:

- A. Confirmed.
- B. Partially confirmed. It cannot be confirmed that actual NAMMA are over or understated since actual costs are not know. However, it can be confirmed that NAMMA and BMM exhibit similar physical characteristics and would be expected to have similar cost characteristics. Please refer to the response to POIR 1 (a) in Docket No. R2005-1.
- C. Confirmed.
- D. No. The cost models could overstate, understate cost or accurately state costs, given that they are used as an estimation tool. Please see responses to parts B and D.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF MAJOR MAILERS ASSOCIATION
REDIRECTED FROM WITNESS TAUFIQUE**

Revised: July 25, 2006

MMA/USPS-T32-7

On page 16 of your direct testimony, you state the following with respect to pricing First-Class workshared mail compared to First-Class single piece:

The goal of similar unit contributions from these two mail categories is not an absolute one; other rate design and rate impact considerations may require the Postal Service and the Commission to deviate from this goal. However, to the extent practicable, the Postal Service's intention going forward is to equalize the unit contribution from the Single-Piece Letter category and from the Presort Letter category.

- A. Please confirm that under the rates you propose, the TYAR unit contributions to institutional costs from First-Class single piece and presort letter mail are \$.2348 and \$.2343, respectively. If you cannot confirm, please provide the correct unit contributions to institutional costs for First-Class single piece and presort letter mail.
- B. Please confirm that, using the Commission's attributable cost methodology, if the rates you propose are adopted the TYAR unit contributions to institutional costs from First-Class single piece and presort letter mail are estimated to be \$.2104 and \$.2294, respectively, a difference of 1.9 cents. If you cannot confirm, please provide the correct unit contributions to institutional costs for First-Class single piece and workshared mail using the Commission's attributable cost methodology.
- C. Do you agree that, using the Commission's attributable cost methodology, the specific rates you propose do not satisfy your stated objective of equal unit contributions to institutional costs for First-Class single piece and presort letters? If no, please explain your answer.
- D. Please confirm that, under the Commission's rate recommendations in R2000-1, R2001-1, and R2005-1, First-Class presort letters have on average contributed 1.7 cents, 1.9 cents, and 1.9 cents, respectively, more to institutional costs than First Class single piece letters. Derivation of these unit cost contribution differences is shown on the following table. If you cannot confirm, please provide the correct unit cost contributions and demonstrate how they are derived.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF MAJOR MAILERS ASSOCIATION
REDIRECTED FROM WITNESS TAUFIQUE**

Revised: July 25, 2006

Docket No.	R2005-1	R2001-1	R2000-1
First-Class Single Piece			
Revenues (000)	20,506,695	21,865,222	22,576,889
Attributable Costs (000)	12,056,748	13,691,814	14,684,352
Contribution (000)	8,449,947	8,173,408	7,892,537
Volume (000)	42,459,296	46,841,145	52,828,895
Unit Contribution (\$)	0.199	0.174	0.149
First-Class Presorted			
Revenues (000)	15,382,831	15,915,988	13,172,716
Attributable Costs (000)	4,929,340	5,985,539	5,305,138
Contribution (000)	10,453,491	9,930,449	7,867,578
Volume (000)	47,962,523	51,353,440	47,320,291
Unit Contribution (\$)	0.218	0.193	0.166
Presort - S.P. Unit Contrib (\$)	0.019	0.019	0.017

RESPONSE

- A. [Response provided by witness Taufique.]
- B. The revised numbers based on the changes in assumptions discussed witness Taufique's response to MMA/USPS-T32-7A, and also the revised rollforward unit contribution for single-piece and presort mail are:

Single-Piece: \$ 0.2063 Presort: \$ 0.2245

- C. [Response provided by witness Taufique.]
- D. [Response provide by witness Taufique.]

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC.

MPA/USPS-1. Since June 30, 2002, the Periodicals Outside County rate schedule has included two per-piece pallet discounts – one for pieces entered on destination-entered pallets and another for pieces entered on other pallets.

(a) Could the verification and other procedures used to administer the existing per-piece pallet discounts be adapted to administer a per-piece 5-Digit pallet discount?

(b) Based on the Postal Service's experience with the existing per-piece pallet discounts, would the Postal Service be able to administer a per-piece 5-Digit pallet discount?

RESPONSE:

(a) Yes.

(b) Yes.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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MPA/USPS-2. Please refer to the institutional response to MPA/USPS-T25-2(b), which states:

However, a rough estimate of the number of facilities through which nondropshipped Outside County Periodicals containers are crossdocked is 2.86, the development of which is shown in the attached excel spreadsheet MPA-T25-2b.xls.

Please also refer to MPA-T25-2b.xls.

(a) Why are the "Average Number of Facilities [Container] Passes Through" so much smaller for OBMC-entered pallets than for OBMC-entered sacks? Please explain your response fully.

(b) Why are the "Average Number of Facilities Pallet Passes Through" so much smaller for OBMC-entered pallets than for OSCF-entered and OADC-entered pallets?

(c) Please confirm that a 3-Digit or SCF container that is entered at the OSCF and is transported from the OSCF to the OBMC to the DBMC to the DADC to the DSCF would be recorded as passing through four facilities according to the method used to develop MPA-T25-2b.xls. If not confirmed, please explain fully.

(d) Please confirm that an ADC container that is entered at the OSCF and is transported from the OSCF to the OBMC to the DBMC to the DADC would be recorded as passing through three facilities according to the method used to develop MPA-T25-2b.xls. If not confirmed, please explain fully.

(e) Would a 5-Digit or Carrier Route container that is entered at the OSCF and is transported from the OSCF to the OBMC to the DBMC to the DSCF to the DDU be recorded as passing through three facilities or four facilities, according to the method used to develop MPA-T25-2b.xls? Please explain your response fully.

(f) Please provide (in Excel format) a revision to MPA-T25-2b.xls that includes all Periodicals Outside County containers (including DBMC-entered containers) that are not entered at the DDU, DSCF, or DADC. Please also disaggregate the "Average Number of Facilities Though Which [Container] Passes Through" between BMCs and SCFs.

(g) Please provide (in Excel format) a revision to MPA-T25-2b.xls that includes only Periodicals Outside County containers that are entered at the DADC. Confirm that all of the facilities through which DADC-entered containers will pass through are SCFs. If not confirmed, please explain fully.

(h) Please provide (in Excel format) a revision to MPA-T25-2b.xls that includes only Periodicals Outside County containers that are entered at the DSCF. Confirm that all of the facilities through which DSCF-entered containers will pass through are SCFs. If not confirmed, please explain fully.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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Response to MMA/USPS-2:

- (a)-(b) See response to TW/USPS-3-d.
- (c) Confirmed.
- (d) Confirmed.
- (e) According to the method used to develop MPA-T-25-2b a 5-Digit or Carrier Route container entered at the OSCF and is transported from the OSCF to the OBMC to the DBMC to the DSCF to the DDU would be recorded as passing through 4 facilities. In this instance, if this container was a sack (and for all 5-Digit sacks), the methodology used to develop MPA-T-25-2b overstates the number of average facilities 5-Digit containers pass through. These estimates were developed under the assumption that all 5-Digit sacks would be opened and the contents distributed at the DDU. If 5-Digit sacks contain mail for zones where the Incoming Secondary sort is performed at the DSCF they may be opened and the contents distributed at the DSCF rather than at the DDU as is assumed.
- f) See attached workbook. However, the methodology used to develop MPA-T-25-2b overstates the number of average facilities 5-Digit containers pass through. These estimates were developed under the assumption that all 5-Digit sacks would be opened and the contents distributed at the DDU. If 5-Digit sacks contain mail for zones where the Incoming Secondary sort is performed at the DSCF they may be opened and the contents distributed at the DSCF rather than at the DDU as is assumed implying one less facility passed through.
- g) See attached workbook. However, the methodology used to develop MPA-T-25-2b overstates the number of average facilities 5-Digit containers pass through. These estimates were developed under the assumption that all 5-Digit sacks would be

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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opened and the contents distributed at the DDU. If 5-Digit sacks contain mail for zones where the Incoming Secondary sort is performed at the DSCF they may be opened and the contents distributed at the DSCF rather than at the DDU as is assumed implying one less facility passed through.

The statement that the pass-through facilities will be SCF's is partially confirmed. In general the facility that a DADC entered container passes through will be the DADC, but ADC's also act as SCF's. As long as no distinction is being made between SCF's and ADC's the statement is confirmed.

- h) See attached workbook. However, the methodology used to develop MPA-T-25-2b overstates the number of average facilities 5-Digit containers pass through. These estimates were developed under the assumption that all 5-Digit sacks would be opened and the contents distributed at the DDU. If 5-Digit sacks contain mail for zones where the Incoming Secondary sort is performed at the DSCF they may be opened and the contents distributed at the DSCF rather than at the DDU as is assumed.

The facilities that DSCF containers pass through will be SCF's.

Development of estimate of the average number of facilities a nondropshipped pallet or sack of Outside County Periodicals goes through

Response to
MPAUSPS-2
R2006-1

Average Number of Facilities Pallet Passes Through

Entry	ADC	SCF	Pallet Type 3-Digit	5-Digit
OSCF	2,233	2,961	2,961	4,102
OADC	1,854	2,657	2,657	3,434
OBMC	1,520	1,155	1,155	2,070
DBMC	1,000	1,304	1,304	2,199
DADC		1,018	1,018	2,032
DSCF				1,000

Number of Pallets by Presort Level and Entry Point

Container Level	OAO/OSCF	OADC	OBMC	DBMC	DADC	DSCF
50CRTS	7,270	3,192	14	188	11,890	179,570
CR-5D Scheme	3,359	8,312	90	512	13,800	195,937
5 Digit Scheme (Merged)	1,878	2,920	21	139	12,396	104,910
5 Digit (Auto/Presort)	372	131	18		1,088	898
5 Digit (Barcode)						55
5 Digit (Merged)	1,441	3,922		142	8,909	138,067
5 Digit (Presort)						1
5 Digit Scheme						83
5 Digit Scheme (Auto/Presort)	42					478
3-Digit (Auto, Presort)		707			138	17,648
3-Digit (CR, Auto, Presort)	33,448	48,787	1,104	1,227	71,832	269,027
Metro Scheme		850			2,372	8,348
Protected SCF	1,178	1,854	253	19	1,963	10,955
SCF	184,275	185,711	7,025	12,170	217,754	1,256,982
ADC	192,634	196,614	4,806	5,208	382,870	
5-Digit	14,363	16,532	143		960	820,010
3-Digit	34,298	47,813	1,643		1,227	74,343
SCF	185,451	187,568	7,278	12,180	219,716	1,267,937
ADC	192,634	196,614	4,806	5,208	382,870	

Number of pallets by number of facilities

Entry	Pallet Type ADC	SCF	3-Digit	5-Digit
OSCF	430,244	549,187	101,589	58,914
OADC	364,610	498,333	127,296	56,774
OBMC	7,308	8,409	1,898	296
DBMC	5,208	15,896	1,600	2,111
DADC		223,637	75,669	97,718
DSCF				620,010

Average number of facilities a nondropshipped pallet of Outside County Periodicals goes through

Nondropshipped pallets by number of facilities	2,229,652
Nondropshipped pallets	908,824
Facilities per nondropshipped pallet	2.45

Average number of facilities a DADC dropshipped pallet of Outside County Periodicals goes through

DADC dropshipped pallets by number of facilities	397,023
DADC dropshipped pallets	725,013
Facilities per DADC dropshipped pallet	0.55

Average number of facilities a DSCF dropshipped pallet of Outside County Periodicals goes through

DSCF dropshipped pallets by number of facilities	620,010
DSCF dropshipped pallets	2,182,970
Facilities per DSCF dropshipped pallet	0.28

Average number of facilities a nondropshipped pallet or sack of Outside County Periodicals goes through

Nondropshipped pallets and sacks by number of facilities	146,869,042
Nondropshipped pallets and sacks	51,448,474
Facilities per nondropshipped pallet or sack	2.85

Average number of facilities a DADC dropshipped pallet or sack of Outside County Periodicals goes through

DADC dropshipped pallets and sacks by number of facilities	8,348,033
DADC dropshipped pallets and sacks	5,058,731
Facilities per DADC dropshipped pallet or sack	1.25

Average number of facilities a DSCF dropshipped pallet or sack of Outside County Periodicals goes through

DADC dropshipped pallets and sacks by number of facilities	10,130,785
DADC dropshipped pallets and sacks	13,974,779
Facilities per DADC dropshipped pallet or sack	0.72

Source of data: Distribution of containers by presort level and entry point from Table 13 of the response to TWUUSPS-T28-7, R2006-1.
Number of facilities through which containers of various presort levels and entry points pass developed by conducting a web-based survey of SCFs requesting lists of the facilities to which each SCF would send mail for every 3-Digit ZIP. Not all SCFs provided responses. The results were then mapped against origin and destination 3-Digit ZIP Codes of containers in mail.dat files to develop a weighted average estimate of the number of facilities through which containers of different presort levels and entry points would go. Simplifying assumptions were necessary when more than one transportation routing (perhaps depending on the time of day) was possible.

Average Number of Facilities Sack Passes Through

Entry	MADC	ADC	SCF	Sack Type 3-Digit	5-Digit	5-D CR	CR
OSCF	1,000	2,645	2,978	2,978	4,156	4,265	4,065
OADC	0,000	2,510	2,711	2,711	3,884	3,880	3,971
OBMC	1,000	1,000	2,895	2,895	3,767	3,928	3,958
DBMC	1,000	1,000	1,180	1,180	2,212	2,171	2,079
DADC			1,077	1,077	2,071	2,047	2,030
DSCF					1,000	1,000	1,000

Number of Sacks by Presort Level and Entry Point

Container Level	OAO/OSCF	OADC	OBMC	DBMC	DADC	DSCF
CR-Over	236,689	398,524	199,300	11,981	458,335	1,725,548
50CRTS	1,851,533	1,305,207	1,249,924	17,549	214,278	2,435,007
CR-5D Scheme	207,384	87,138	365,637	4,843	14,132	211,377
5 Digit Scheme (Merged)	8,520	10,182	2,526	259	1,321	466
5 Digit (Auto/Presort)	1,836,883	4,332,429	252,645	28,898	1,478,267	4,996,547
5 Digit (Barcode)	49,757	55,158	5,603	1,234	645	2,244
5 Digit (Merged)	62,364	89,777	29,256	7,403	39,104	26,470
5 Digit (Presort)	25,011	16,547	199	121	1,943	4,920
5 Digit Scheme (Auto/Presort)	202,769	217,094	55,988	12,838	34,836	104,281
5 Digit Scheme (Barcode)	72,813	6,107	1,824	296	397	3,914
3-Digit (Auto, Presort)	8,143,930	8,228,536	1,403,365	61,363	1,133,805	2,045,195
3-Digit (Barcode)	97,235	126,795	7,030	158	2,417	9,134
3-Digit (Presort)	84,101	136,482	13,811	334	55,850	28,152
3-Digit Scheme						
Unique 3 Digit	31,154	87,280	16,204	254	854	10,331
SCF	1,887,047	1,691,819	962,033	6,276	39,373	190,222
ADC	4,668,012	3,806,806	970,018	9,442	858,361	
MADC	2,140,728	2,712,257	141,769	13,161		
MADC	2,140,728	2,712,257	141,769	13,161		
ACC	4,668,012	3,806,806	970,018	9,442	858,361	
SCF	1,887,047	1,691,819	962,033	6,276	39,373	190,222
3-Digit	8,356,420	8,579,101	1,440,410	62,110	1,122,726	2,090,812
5-Digit	2,260,119	4,787,493	348,041	50,849	1,557,513	5,138,842
5-D CR	2,058,917	1,402,343	1,615,382	22,392	228,410	2,648,384
CR	236,689	398,524	199,300	11,981	458,335	1,725,548
	21,607,932	23,378,374	5,377,134	176,211	4,334,718	11,791,808

Number of sacks by number of facilities

Entry	MADC	ADC	SCF	Sack Type 3-Digit	5-Digit	5-D CR	CR
OSCF	2,140,869	12,353,411	5,618,928	24,882,331	9,392,797	8,780,577	962,240
OADC		9,554,424	4,586,006	23,253,955	18,499,130	5,160,491	1,582,344
OBMC	141,769	2,910,055	1,816,297	4,169,359	1,310,974	6,345,376	786,745
DBMC	13,161	9,442	7,406	73,299	112,487	48,608	24,912
DADC			42,420	1,285,032	3,225,815	467,527	930,216
DSCF					5,138,842	2,646,385	1,725,548

Average number of facilities a nondropshipped sack of Outside County Periodicals goes through

Nondropshipped sacks by number of facilities	144,639,390
Nondropshipped sacks	50,539,650
Facilities per nondropshipped sack	2.86

Average number of facilities a DADC dropshipped sack of Outside County Periodicals goes through

DADC dropshipped sacks by number of facilities	5,961,009
DADC dropshipped sacks	4,334,718
Facilities per DADC dropshipped sack	1.37

Average number of facilities a DSCF dropshipped sack of Outside County Periodicals goes through

DSCF dropshipped sacks by number of facilities	9,510,775
DSCF dropshipped sacks	11,791,808
Facilities per DSCF dropshipped sack	0.81

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
THE MAGAZINE PUBLISHERS OF AMERICA, INC., AND THE ALLIANCE OF
NONPROFIT MAILERS

MPA/USPS-3. This question is a follow-up to MPA/USPS-T20-1(f), which asked USPS witness Miller to "provide a version of USPS-LR-L-43 that includes the capability to analyze the effect of changes in 'Incoming Periodical Outside County flats and the resulting presort cost avoidances.'" Please produce a version of the L-43 Periodicals Outside County flats mail processing cost model that includes the ability to analyze the effect of incoming secondary machinable flats coverage factors on the model results.

RESPONSE:

A revised Periodicals Outside County cost model is contained in USPS-LR-L-153. In the "COVERAGE FACTORS" worksheet (page 24), "incoming secondary machinable flats" automation/mechanization and manual coverage factors have been included at the bottom of the page. The 65 percent and 35 percent figures from Docket No. R2001-1, USPS-LR-J-61 are currently entered in the model. These coverage factors have been used to modify the incoming secondary Automated Flat Sorting Machine model 100 (AFSM100), Upgraded Flat Sorting Machine model 1000 (UFSM1000), and manual nodes on each mail flow model sheet (pages 5, 7, 9, 11, 13, 15, 17, 19, 21, and 23).

The end result of these changes is that the percentage of machinable mail finalized in AFSM100 and UFSM1000 operations is equivalent to the total machinable mail volume for a given rate category multiplied by the automation/mechanization incoming secondary machinable flats coverage factor. For example, the total machinable mail volume for the nonautomation basic presort flats rate category (page 5) is 7,985 pieces (the sum of cells G11 to G16). The total mail pieces finalized on the AFSM100 and UFSM1000 are 4,758 and 432 pieces. The sum of those two figures is 5,190 pieces, which is 65 percent of the 7,985 total machinable pieces in that mail flow model.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
THE MAGAZINE PUBLISHERS OF AMERICA, INC., AND THE ALLIANCE OF
NONPROFIT MAILERS

The changes that have been made to the incoming secondary nodes are described below. The machinable mail volumes are multiplied by the automation/mechanization incoming secondary machinable flats coverage factor and distributed to the AFSM100 and UFSM1000 operations using other destinating piece distribution coverage factors related to those machines. The remaining machinable mail volumes have been entered in the manual operation. Nonmachinable mail volumes are entered in the manual operation as it is assumed that the UFSM1000 is used to perform incoming secondary operations for machinable mail only. The AFSM100 and UFSM1000 reject rates have also been set to zero so that the percent finalized on automation/mechanization would be equivalent to the new coverage factor multiplied by the machinable mail volume.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC.**

MPA/USPS-4. This is a follow-up to the Postal Service's institutional response to MPA-USPS-2. The response states in relevant part:

However, the methodology used to develop MPA-T-25-2b overstates the number of average facilities 5-Digit containers pass through. These estimates were developed under the assumption that all 5-Digit sacks would be opened and the contents distributed at the DDU. If 5-Digit sacks contain mail for zones where the Incoming Secondary sort is performed at the DSCF they may be opened and the contents distributed at the DSCF rather than at the DDU as is assumed implying one less facility passed through.

- (a) Please confirm that MPA-2_attach.xls produces an upper-bound estimate of the number of facilities containers pass through. If not confirmed, please explain fully.
- (b) Please confirm that reducing by one the number of facilities that 5-Digit sacks pass through in MPA-2_attach.xls produces a lower-bound estimate of the number of facilities 5-Digit sacks pass through. If not confirmed, please explain fully.
- (c) Please confirm that DDU-entered containers pass through zero facilities on their way to the destination facility. If not confirmed, please explain fully.
- (d) Please confirm that the following table is correct. If not confirmed, please explain fully and provide the correct figures.

**Average Number of Facilities Periodicals Outside County
Containers Pass Through**

Container Type	Upper Bound	Lower Bound
Sack	2.38	2.17
Pallet	0.85	0.85
Total	2.29	2.10

Upper Bound – Calculated using the same method as used to generate MPA-2_attach.xls.

Lower Bound – Calculated using the same method as used in MPA-2_attach.xls, but reduces by one the number of facilities 5-Digit sacks pass through.

Note: Both calculations assume that DDU-entered containers pass through zero facilities.

Response:

(a) – (d) Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA, INC., REDIRECTED FROM WITNESS MAYES

MPA/USPS-T25-2. Please refer to page 7 of your testimony, where you discuss "Assumptions Used in Periodicals Destination Entry Models" and USPS-LR-L-88, Appendix F, Table 6.

...

(b) On average, through how many facilities is a Periodicals container that fails to qualify for destination entry rates crossdocked? Please explain your response fully, and provide citations to the underlying data in sufficient detail to replicate your response.

Response:

b. As the model used in Appendix F is designed to estimate the costs of handlings avoided and is not designed to develop total "bottom-up" costs for mail qualifying, or not qualifying, for dropship discounts, the model does not require the use of such an estimate, nor was such an estimate readily available. However, a rough estimate of the number of facilities through which nondropshipped Outside County Periodicals containers are crossdocked is 2.86, the development of which is shown in the attached excel spreadsheet MPA-T25-2b.xls.

Development of estimate of the average number of facilities a nondropshipped pallet or sack of Outside County Periodicals goes through

Response to
MPA/USPS-T25-2b
R2006-1

Average Number of Facilities Pallet Passes Through

Entry	ADC	Pallet Type SCF	3-Digit	5-Digit
OSCF	2,233	2,961	2,961	4,102
OADC	1,854	2,657	2,657	3,434
OBMC	1,520	1,155	1,155	2,070

Number of Pallets by Presort Level and Entry Point

Container Level	OAO/OSCF	OADC	OBMC
5DCRTS	7,270	3,192	14
CR-SD Scheme	3,359	6,312	90
5 Digit Scheme (Merged)	1,878	2,920	21
5 Digit (Auto/Presort)	372	131	18
5 Digit (Barcode)		55	
5 Digit (Merged)	1,441	3,922	
5 Digit (Presort)			
5 Digit Scheme			
5 Digit Scheme (Auto/Presort)	42		
3- Digit (Auto, Presort)		707	
3- Digit (CR,Auto, Presort)	33,448	46,787	1,104
Metro Scheme	850	418	539
Protected SCF	1,176	1,854	253
SCF	184,275	185,711	7,025
ADC	192,634	196,614	4,806
5-Digit	14,363	16,532	143
3-digit	34,298	47,913	1,643
SCF	185,451	187,566	7,278
ADC	192,634	196,614	4,806

Number of pallets by number of facilities

Entry	Pallet Type ADC	SCF	3-Digit	5-Digit
OSCF	430,244	549,187	101,569	58,914
OADC	364,610	498,333	127,296	56,774
OBMC	7,306	8,409	1,898	296

Average number of facilities a nondropshipped pallet of Outside County Periodicals goes through

Nondropshipped pallets by number of facilities	2,294,637
Nondropshipped pallets	889,239
Facilities per nondropshipped pallet	2.48

Average number of facilities a nondropshipped pallet or sack of Outside County Periodicals goes through

Nondropshipped pallets and sacks by number of facilities	146,554,914
Nondropshipped pallets and sacks	51,252,679
Facilities per nondropshipped pallet or sack	2.86

Average Number of Facilities Sack Passes Through

Entry	MADC	ADC	SCF	Sack Type 3-Digit	5-Digit	5-D CR	CR
OSCF	1,000	2,646	2,978	2,978	4,156	4,265	4,065
OADC	0,000	2,510	2,711	2,711	3,864	3,680	3,971
OTH	1,000	3,000	2,895	2,895	3,767	3,928	3,958

Number of Sacks by Presort Level and Entry Point

Container Level	OAO/OSCF	OADC	OBMC
CR-Direct	236,689	398,524	199,300
5DCRTS	1,851,533	1,305,207	1,249,924
CR-SD Scheme	207,384	97,136	365,637
5 Digit Scheme (Merged)	8,520	10,182	2,526
5 Digit (Auto/Presort)	1,838,883	4,332,429	252,645
5 Digit (Barcode)	49,757	55,158	5,603
5 Digit (Merged)	62,364	89,777	29,256
5 Digit (Presort)	25,011	16,547	199
5 Digit Scheme (Auto/Presort)	202,769	277,094	55,988
5 Digit Scheme (Barcode)	72,813	6,107	1,824
3- Digit (Auto, Presort)	8,143,930	8,228,536	1,403,365
3 Digit (Barcoded)	97,235	126,795	7,030
3 Digit (Presort)	84,101	136,482	13,811
3-Digit Scheme		9	
Unique 3 Digit	31,154	87,280	16,204
SCF	1,887,047	1,691,919	662,033
ADC	4,668,012	3,806,806	970,018
MADC	2,140,728	2,712,387	141,769
MADC	2,140,728	2,712,387	141,769
ADC	4,668,012	3,806,806	970,018
SCF	1,887,047	1,691,919	662,033
3-Digit	8,358,420	8,579,101	1,440,410
5-Digit	2,260,119	4,787,293	348,041
5-D CR	2,058,917	1,402,343	1,615,562
CR	236,689	398,524	199,300
	21,607,932	23,378,374	5,377,134

Number of sacks by number of facilities

Entry	MADC	ADC	SCF	Sack Type 3-Digit	5-Digit	5-D CR	CR
OSCF	2,140,869	12,353,411	5,618,928	24,882,331	9,392,797	8,780,577	962,240
OADC	-	9,554,424	4,586,006	23,253,955	18,499,130	5,160,491	1,582,344
OTH	141,769	2,910,055	1,916,297	4,169,359	1,310,974	6,345,376	788,745

Average number of facilities a nondropshipped sack of Outside County Periodicals goes through

Nondropshipped sacks by number of facilities	144,350,078
Nondropshipped sacks	50,363,439
Facilities per nondropshipped sack	2.87

Source of data: Distribution of containers by presort level and entry point from Table 13 of the response to TW/USPS-T28-7, R2006-1.
Number of facilities through which containers of various presort levels and entry points pass developed by conducting a web-based survey of SCFs requesting lists of the facilities to which each SCF would send mail for every 3-Digit ZIP. Some SCFs did not provide responses. The results were then mapped against origin and destination 3-Digit ZIP Codes of containers in mail.dat files to develop a weighted average estimate of the number of facilities through which containers of different presort levels and entry points would go. Simplifying assumptions were necessary, for example, when more than one transportation routing (perhaps depending on the time of day) was possible.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA, INC., REDIRECTED FROM WITNESS TANG

MPA/USPS-T35-2. Please refer to the discussion of Ride-Along Pieces on page 14 of your testimony and USPS-LR-L-126, R2006-1 Outside County. xls, worksheet 'Pound Data_Adv.'

- a. Please confirm that under the proposed rates the average revenue per advertising pound is 28.2 cents. If not confirmed, please provide the correct figure.
- b. Do you have any reason to believe that the zone distribution of Ride-Along pieces is different than the zone distribution of Periodicals Outside County advertising pounds? If so, please explain your response fully and provide the zone distribution of Ride-Along pieces.
- c. What is the average weight of a Ride-Along piece?
- d. Please confirm that substituting the average revenue per advertising pound for the Zone 8 advertising pound rate in the formula discussed on Page 14 of your testimony yields a rate of 5.8 cents. If not confirmed, what rate would result from substituting the average revenue per advertising pound into this formula?
- e. Please provide your best estimate of the average cost per piece of a 3.3 ounce Ride Along piece with the same zone distribution as Periodicals Outside County advertising pounds. Please explain your methodology fully.
- f. Please produce source documents, or provide citations to source documents, sufficient to verify your answers to parts (a)-(c), (e), and (f) of this question.

RESPONSE:

- (e) There are no estimates of the average cost of Ride Along pieces.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF NAA**

NAA/USPS-1: Please provide data showing the unit cost of Standard Enhanced Carrier Route mail on an ounce-by-ounce basis, preferably in a format comparable to Library Reference LR-L-139.

Response:

The TY08 unit cost estimates are presented in the table below. An Excel spreadsheet is attached electronically which provides further detail. Note that individual ounce increments' unit costs may be subject to substantial sampling variability, particularly higher ounce increments for letters and flats, and for parcels generally. Please see also Witness Smith's response to PSA/USPS-T13-1. For additional discussion of the appropriate use of the data, please see Docket No. R2000-1, USPS-T-28 at 3-5; Tr. 44/19470-19474; Tr. 44/19481-19482.

Increment	TY08 Unit Cost (Cents/Piece)			
	All shapes	Letters	Flats	Parcels
0 oz - 1 oz	8.4	6.8	11.6	5733.7
1 oz - 2 oz	8.7	7.2	9.0	1227.6
2 oz - 3 oz	8.0	6.3	8.1	847.1
3 oz - 4 oz	8.7	9.1	8.6	9656.9
4 oz - 5 oz	8.3	5.9	8.2	2572.6
5 oz - 6 oz	8.5	8.3	8.4	5563.0
6 oz - 7 oz	9.0	15.2	8.9	1492.6
7 oz - 8 oz	11.4	19.4	11.2	1937.3
8 oz - 9 oz	11.0	18.9	11.0	101.7
9 oz - 10 oz	16.0	8.3	16.1	88.9
10 oz - 11 oz	13.6	19.6	13.5	104.0
11 oz - 12 oz	12.2	55.0	12.0	1942.8
12 oz - 13 oz	16.5	35.3	15.3	8901.6
13 oz - 14 oz	15.8	174.7	14.3	5531.3
14 oz - 15 oz	15.9	106.0	15.8	64.4
15 oz - 16 oz	64.7	248.8	49.4	6813.9
Total	8.6	6.8	9.2	2491.4

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF NAA**

NAA/USPS-2: Please provide a summary description of the payment system for rural carriers.

RESPONSE:

Please see the description of rural carrier costs in the Summary Description, USPS-LR-L-1.

Also, please see the Postal Service's response to VP/USPS-1. Rural carriers receive a fixed time allowance for each of several specific mail categories and special services they deliver.

Compensation is calculated by multiplying the time allowance times the pay rate times the number of pieces of each mail category and special services that are enumerated during the rural mail count. Additionally there are other allowances for non volume related expenses.

The compensation is then fixed based on this calculation for the year or until another mail count. Adjustments might be made to the salary during the Christmas period.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF NAA**

NAA/USPS-3: In an institutional response to VP/USPS-4(f) in Docket No. R2005-1, the Postal Service stated as follows:

The payment system for rural carriers does not determine payments based on differences across mail subclass, or across rate categories within subclass. Therefore, it does not distinguish between High Density and Saturation mailings and Basic mailings within the ECR subclass. Payments per piece vary only according to mail shape, and according to whether the mail piece is delivered or collected, whether the delivered piece is a boxholder or a nonboxholder piece, and whether the delivered piece has postage due.

Is this statement still accurate?

RESPONSE:

Yes. Please see the Postal Service's response to VP/USPS-1 for the entire listing of applicable mail categories and special services.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF NAA**

NAA/USPS-4: Are payments to rural carriers affected by the presence of detached address labels in mailings to rural delivery points?

RESPONSE:

Please see the Postal Service's response to VP/USPS-1. Payments to rural carriers for all mail categories and special services, including detached addressed labels, are affected only to the degree of the incidence of each category and or special service during the mail count period.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF NEWSPAPER ASSOCIATION OF AMERICA**

NAA/USPS-5: Please provide a copy of OIG report AC-AR-03006 (dated September 29, 2003).

RESPONSE:

See attached.

Provided in Response to NAA/USPS-5
Docket No. 2006-1

September 29, 2003

PATRICK R. DONAHOE
CHIEF OPERATING OFFICER AND EXECUTIVE VICE PRESIDENT

SUBJECT: Audit Report – Enhanced Carrier Route Standard Mail Worksharing
Discounts (Report Number AC-AR-03-006)

This report presents the results of our audit on Enhanced Carrier Route Standard Mail Worksharing Discounts (Project Number 02YG018AC000). This audit was initiated as a result of a congressional inquiry at the San Antonio Processing and Distribution Center.

Our audit disclosed that Enhanced Carrier Route Standard Mail covered all of its volume variable costs in fiscal year 2001. According to the Postal Service's Cost and Revenue Analysis Report, Enhanced Carrier Route Standard Mail cost coverage was over 200 percent, one of the largest for all mail categories. Our review indicated the operational benefits of Enhanced Carrier Route letters has been reduced as the volume of letters processed to delivery point sequence has increased. Postal Service officials stated Enhanced Carrier Route Standard Mail improved Postal Service operations by providing flexibility in mail processing and delivery and increased reliability. However, we found that mailers' worksharing efforts to sequence Enhanced Carrier Route letters was not necessary when the Postal Service subsequently processed these letters in delivery point sequence. We also found that the Postal Service's delivery point sequencing of Enhanced Carrier Route letter mail with destination delivery unit discounts resulted in transportation and handling inefficiencies for the Postal Service.

Our report acknowledged the complexity of these issues involving Enhanced Carrier Route Standard Mail. We determined it was best to defer action on some of these issues until the Postal Service's plans to automate flat sorting to delivery point sequence are finalized. We made one recommendation that management develop a rate case proposal to eliminate destination entry discounts for letters destinating at delivery units that receive delivery point sequenced mail processed on delivery barcode sorters. Management agreed that it was advantageous to have mail entered at the location in which it will be processed, but disagreed with our recommendation. Management was not convinced of the magnitude of the problem and believed that a change in one rate category may yield changes in other rate categories that may be counter-productive due to the complexity of Enhanced Carrier Route rate design. Management indicated they were reviewing these issues and planned to develop a balanced rate proposal to address these issues appropriately. Management

subsequently provided additional documentation that stated they expect to complete their review in advance of the next Omnibus Rate Case. Therefore, we consider management's planned actions responsive to the intent of our recommendation. Management's comments and our evaluation of these comments are included in the report.

The Office of Inspector General (OIG) considers recommendation 1 significant and, therefore, requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

We appreciate the cooperation and courtesies provided by your staff during our audit. If you have any questions or need additional information, please contact Robert J. Batta, director, Accepting and Processing, at (703) 248-2269 or me at (703) 248-2300.

Mary W. Demory
Deputy Assistant Inspector General
for Core Operations

Attachment

cc: Anita J. Bizzotto
John A. Rapp
Susan M. Duchek

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EXECUTIVE SUMMARY

Introduction

This report presents the results of our review of Enhanced Carrier Route Standard Mail worksharing discounts. This audit was initiated as a result of a congressional inquiry at the San Antonio Processing and Distribution Center. The objectives of the audit were to determine whether Enhanced Carrier Route Standard Mail rates cover all volume variable costs; letter-shaped Enhanced Carrier Route Standard Mail improve mail-processing operations; and letter-shaped Enhanced Carrier Route Standard Mail, which was discounted for being transported to Postal Service facilities for delivery, was being shipped from these delivery units to mail processing facilities for additional processing. We also examined the methodology for determining workshare discounts.

Results in Brief

Our audit disclosed that Enhanced Carrier Route Standard Mail covered all volume variable costs in fiscal year 2001. According to the Postal Service's Cost and Revenue Analysis Report, Enhanced Carrier Route Standard Mail cost coverage was over 200 percent, one of the largest for all mail categories.

Our review indicated the operational benefits of Enhanced Carrier Route letters has been reduced as the volume of letters processed in delivery point sequence¹ has increased. We found that mailers' worksharing efforts to sequence Enhanced Carrier Route letters was not necessary when the Postal Service subsequently processed these letters in delivery point sequence. In Rate Docket Number R2001-1, Postal Service officials stated that automation-compatible² mail processed in delivery point sequence on delivery barcode sorters needs only to be sorted to the five-digit ZIP Code, so carrier route sortation provides no added value in these situations.

In addition, Enhanced Carrier Route letter mail that was discounted for direct shipment to delivery units was then sometimes transported to mail processing facilities by the Postal Service to be processed in delivery point sequence. This mail was then shipped back to the delivery unit resulting in additional transportation and handling inefficiencies. We

¹ Delivery point sequencing is a process that uses a delivery point barcode on letter mail that enables automation sorting equipment to process this mail to the delivery point level prior to presentation to the carrier.

² Mail that can be scanned and processed by automated mail-processing equipment, such as a barcode sorter, Postal Service Publication 32.

believe this practice is questionable when you consider the destination entry discount was designed to save the Postal Service these transportation and handling costs.

**Summary of
Recommendations**

We recommend management develop a rate case proposal to eliminate destination entry discounts for letters destinating at delivery units that receive delivery point sequenced letter mail processed on delivery barcode sorters.

**Summary of
Management's
Comments**

Management agreed that it was advantageous to have mail entered at the location in which it will be processed, but disagreed with our recommendation. Management was not convinced of the magnitude of the problem and believed that a change in one rate category may yield changes in other rate categories that may be counter-productive due to the complexity of Enhanced Carrier Route rate design. Management indicated they were reviewing these issues and planned to develop a balanced rate proposal to address these issues appropriately. Management's comments, in their entirety, are included in Appendix B of this report.

**Overall Evaluation of
Management's
Comments**

Our report acknowledged the complexity of these issues involving Enhanced Carrier Route Standard Mail. Management stated these issues existed since the mid-1990's and that they were in the process of reviewing them; however, they did not provide any detailed information on when their review would be completed. Management subsequently provided additional documentation that stated they expect to complete their review in advance of the next Omnibus Rate Case. Management's actions taken or planned are responsive to the recommendation and should correct the issues identified in the report.

INTRODUCTION

Background

Worksharing allows mailers to select the activities they wish to perform for the Postal Service in return for postage rate discounts. These activities include sorting the mail by ZIP Code or carrier route, applying a barcode representing the ZIP Code information for the delivery address on a mailpiece, and transporting a mailing to a Postal Service facility near the delivery address.

Enhanced Carrier Route Standard Mail is a subclass of Standard Mail consisting of mailpieces weighing less than 16 ounces and prepared for the carrier in walk sequence of the route. The Enhanced Carrier Route subclass was created in July 1996 from the third-class mail bulk rate regular subclass. This subclass was created to recognize the distinct cost and market characteristics of this mail.

Enhanced Carrier Route Standard Mail consists primarily of geographically targeted advertisements, which include letter-size³ and flat-size⁴ mail. The shape of these mailpieces impact how this mail is processed. Most Enhanced Carrier Route letter mail that is automation-compatible is merged with other letters being placed in delivery point sequence. The Postal Service does not currently sequence flats in delivery order, but initiatives are planned to automate flat-sorting to delivery sequence.

During fiscal year (FY) 2001,⁵ the Postal Service reported that it received \$4.98 billion from Enhanced Carrier Route Standard Mail.⁶ Letters accounted for approximately \$1.29 billion and flats accounted for approximately \$3.69 billion of Enhanced Carrier Route Standard Mail revenues.

³ Letter-size mail is a mail-processing category of mailpieces that do not exceed any of the dimensions for letter-size mail (11.5 inches long, 6.125 inches high, .25 inches thick).

⁴ Flat-size mail is a mail-processing category of mailpieces that exceed one of the dimensions for letter-size mail, but does not exceed 15 inches long, 12 inches high, .75 inches thick.

⁵ The Office of Inspector General (OIG) planned to use the most recent data available during the review. While some FY 2002 data was available, the finalized billing determinants were not available. As a result, the OIG used FY 2001 data throughout the report for consistency.

⁶ Enhanced Carrier Route Standard Mail includes Standard Mail Nonprofit Enhanced Carrier Route and Standard Mail Regular Enhanced Carrier Route, Cost and Revenue Analysis, FY 2001.

Discounts for Enhanced Carrier Route Standard Mail are extremely complex. The Postal Service offers presort rates by density tier, automation rates, drop ship rates,⁷ and letter/flat rate differentials to mailers who share the workload. Enhanced Carrier Route Standard Mail requires a high level of sortation as the mailer arranges the mail in carrier route sequence. In addition, the Postal Service must maintain reasonable rate relationships between mail categories in this subclass, and mail categories in other subclasses.

Enhanced Carrier Route Standard Mail rates are among the lowest that the Postal Service offers. Table 1 compares some current rates for workshared Standard Mail.⁸

**Table 1. Worksharing Discounts for Standard Mail
(Cents)**

Categories of Standard Mail			
Rate in Cents			
Amount of Discount			
Discount Percentage			
Regular Standard Mail			
Basic letter	26.8	-	Benchmark for letters
Five-digit letter	19.0	7.8	29.1
Five-digit letter entered at the destination sectional center facility	16.4	10.4	38.8
Basic flat	34.4	-	Benchmark for flats
Enhanced Carrier Route			
Basic letter	19.4	7.4	27.6
Saturation letter	15.2	11.6	43.3
Saturation letter entered at the destination delivery unit	12.0	14.8	55.2
Basic flat	19.4	15.0	43.6
Saturation flat	16.0	18.4	53.5
Saturation flat entered at the destination delivery unit	12.8	21.6	62.8

Source: USPS 123 Ratefold, effective June 30, 2002.

⁷ Drop shipment rates reflect savings that occur when a mailing is transported by a mailer or private carrier from the point of production to a Postal Service facility located closer to the destination, thereby bypassing handling operations.

⁸ This comparison is not meant to imply that there is a direct relationship between the Enhanced Carrier Route rates and regular Standard Mail rates.

**Objectives, Scope,
and Methodology**

The objectives of the audit were:

- To determine whether Enhanced Carrier Route Standard Mail rates cover all volume variable costs.
- To determine whether letter-shaped Enhanced Carrier Route Standard Mail improve mail-processing operations.
- To determine whether letter-shaped Enhanced Carrier Route Standard Mail, which was discounted for being transported to Postal Service facilities for delivery, was being shipped from these delivery units to mail processing facilities for additional processing.
- To examine the methodology for determining workshare discounts.

To accomplish our objectives, we reviewed Postal Service and Postal Rate Commission documentation used to support rate cases. Our review focused on letter-shaped Enhanced Carrier Route Standard Mail. We also reviewed policies and procedures used to process Enhanced Carrier Route Standard Mail. We interviewed officials at Postal Service Headquarters, at the Postal Rate Commission, and at selected Postal Service delivery units.

To assess whether Postal Service handling of letter drop shipments receiving Enhanced Carrier Route workshare discounts was consistent with the discount offered, we conducted a telephone survey where we sampled 237 delivery units⁹ from the audit universe consisting of 14,201 revenue generating units in cost ascertainment groups A through G.¹⁰ This telephone survey was conducted between November 20, 2002, and January 30, 2003.

The General Accounting Office also initiated a review that included an examination of the methodology used for determining workshare discounts. Therefore, to avoid

⁹ From the sample of 237 delivery units, we determined that 59 delivery units were not within the audit scope. Therefore, from the 178 within the scope, we projected an audit subpopulation of 10,666 delivery units, with a 95 percent confidence interval of 9,889 to 11,443.

¹⁰ Cost ascertainment groups A through G include post offices generating the most revenue.

duplication, we did not examine the methodology for determining workshare discounts for Enhanced Carrier Route Standard Mail.

This audit was conducted from July 2002 through September 2003, in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

Prior Audit Coverage

We did not identify any prior audits or reviews related to the objectives of this audit.

AUDIT RESULTS**Enhanced Carrier
Route Standard Mail
Covers Volume
Variable Costs**

Enhanced Carrier Route Standard Mail covered all of its volume variable costs in FY 2001. According to the Postal Service's Cost and Revenue Analysis Report, Enhanced Carrier Route Standard Mail cost coverage is over 200 percent, one of the largest for all mail categories. Cost coverage shows the ratio of revenue over volume variable costs. Table 2 shows revenue and cost coverage for various categories of mail for FY 2001.

Table 2. Summary of Revenue and Percent of Cost Coverage

Categories of Mail (in millions)	Revenue	
	Percent of Cost Coverage	
First-Class Presort Letters	13,224.1	278.00%
Enhanced Carrier Route Standard Mail	4,980.5	233.17%
First-Class Single Piece Letters	21,451.4	173.48%
Priority Mail	4,916.1	151.25%
Regular Standard Mail	10,636.0	135.43%
International Mail	1,769.3	132.17%
Parcel Post	1,128.4	104.76%

Source: Cost and Revenue Analysis for FY 2001.

The Postal Reorganization Act of 1970 specifies that each class of mail or type of mail service should bear the direct and indirect costs attributable to it. However, Postal Service revenue and cost accounting systems generally do not provide revenue and cost information at the rate category level. Therefore, various statistical systems and special studies are needed to develop estimates of volumes, revenues, and costs for categories of mail. These estimates are used to prepare rate cases and budgets, conduct cost studies, and measure mail flow and service performance. The OIG report, Audit of Statistical Test for

Fiscal Year 2001 - Cost and Revenue Analysis (Report Number FF-AR-02-206, dated March 27, 2002), found that, generally, statistical tests to collect cost, revenue, and volume data were performed in accordance with policies and procedures established by the Postal Service.

**Reduced Operational
Benefits from
Enhanced Carrier
Route Letters**

Our review indicated that the operational benefits of Enhanced Carrier Route letters has been reduced as the volume of letters processed in delivery point sequence has increased. We found that mailers' worksharing efforts to sequence Enhanced Carrier Route letters were not necessary when the Postal Service subsequently processed these letters in delivery point sequence.

This condition exists because of the current Postal Service policy, which requires automation-compatible letter mail to be processed in delivery point sequence, service standards permitting. However, in Rate Docket Number R2001-1, Postal Service officials stated, automation-compatible mail that was processed in delivery point sequence on delivery barcode sorters only needs to be sorted to the five-digit ZIP Code; therefore, carrier route sortation provides no added value in these situations.

Postal Service criteria for processing Enhanced Carrier Route letter mail to delivery point sequence is included in an August 9, 2000, memorandum issued by the vice presidents, Delivery, and Operations Planning and Processing. These instructions require automation-compatible Enhanced Carrier Route letter mail to be processed in delivery point sequence, service standards permitting.

Postal Service officials stated that Enhanced Carrier Route Standard Mail improved Postal Service operations by providing flexibility in mail processing and delivery, and increased reliability. We agree that Enhanced Carrier Route letter mail is beneficial at delivery units that do not receive delivery point sequenced mail; however, most letter mail is sorted in delivery point sequence.

Future advances in automated mail processing are likely to further reduce the operational benefits from Enhanced Carrier Route Standard Mail. The Postal Service is developing a strategy to automate flat-sorting to delivery point sequence. These efforts are modeled after the Corporate Automation Plan for letters. In addition, Postal Service officials stated that their long-term vision for delivery operations was to include mixed letters and flats in one bundle for each delivery point. In our opinion, these

initiatives will further reduce the operational benefits of Enhanced Carrier Route Standard Mail.

In the 1995 Mail Classification Docket, the Postal Service expressed concern that establishing an Enhanced Carrier Route letter rate would be counterproductive to the Postal Service's letter mail automation program. However, the Postal Rate Commission recommended that both letter and flat carrier route categories were necessary to promote more cost-based rates. The Board of Governors approved the Postal Rate Commission's recommendation in March 1996.

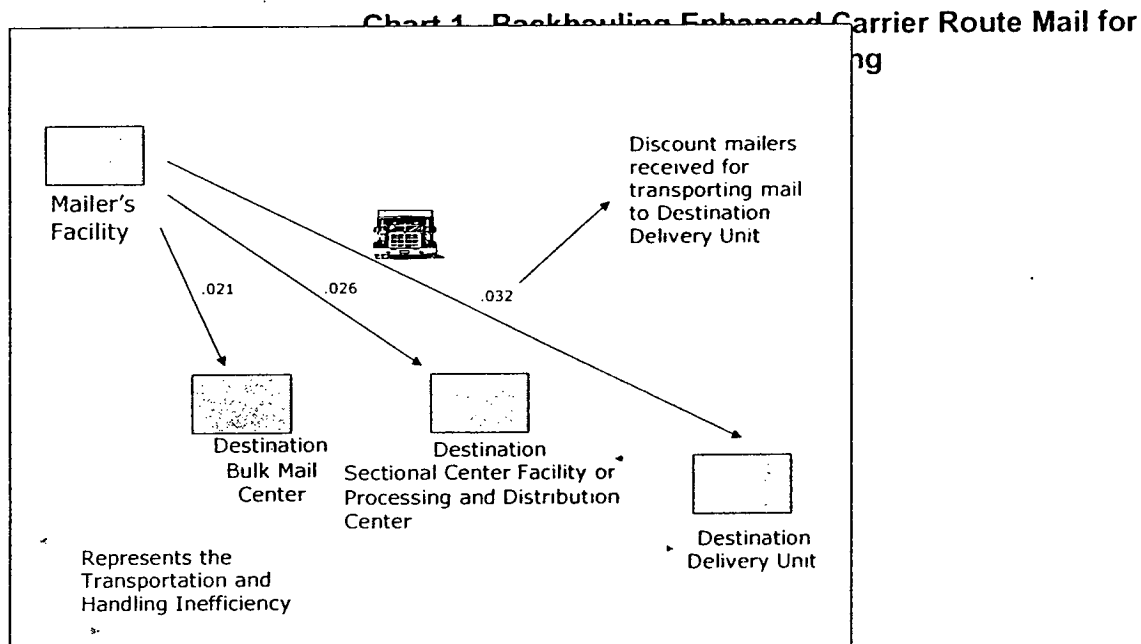
Due to the complexity of these issues and the potential for rate anomalies, we believe it is best to defer action on this finding until the Postal Service's plans to automate flat sorting to delivery point sequence are finalized. This will give the Postal Service time to complete its analysis and develop proposals to address this complicated issue.

**Transportation and
Handling
Inefficiencies**

Enhanced Carrier Route letter mail discounted for direct shipment to delivery units was then sometimes transported to mail processing facilities by the Postal Service to be processed with other letters into delivery point sequence. The Postal Service subsequently shipped this mail back to the delivery units. Our projections show that this condition existed in approximately 2,337 of the approximately 3,296 delivery units in our audit universe that received both delivery point sequenced mail and drop shipments.¹¹

This condition exists because current Postal Service policy requires Enhanced Carrier Route letter mail to be processed in delivery point sequence, service standards permitting. The Postal Service offered the mailer a destination delivery unit discount to transport the mail closer to its final destination; however, the Postal Service transported most of this mail to processing facilities to be sorted in delivery point sequence. Then this mail was shipped back to the delivery unit resulting in additional costs to the Postal Service. Chart 1 shows the backhauling of this mail along with the resulting transportation and handling inefficiency. We believe this practice is questionable when you consider the destination entry discount was designed to save the Postal Service transportation and handling costs.

¹¹ Both projected values indicated in the text are point estimates at the 95 percent confidence level. We project that 2,537 to 4,054 delivery units receive both delivery point sequenced mail and letter drop shipments. We also project that 1,671 to 3,003 of the delivery units that receive delivery point sequenced mail and letter drop shipments, then transport the Enhanced Carrier Route letters to processing facilities.



Postal Service policy states that automation-compatible Enhanced Carrier Route letter mail received at delivery units should be sent to the applicable processing and distribution center to be processed in delivery point sequence when service standards permit. During FY 2001, mailers transported approximately 1.56 billion Enhanced Carrier Route letter mailpieces directly to delivery units. However, Postal Service officials were unable to determine the volume or the cost of transporting Enhanced Carrier Route letter mail from delivery units to processing facilities.

Recommendation

We recommend the chief operating officer and executive vice president:

1. Develop a rate case proposal to eliminate destination entry discounts for letters destinating at delivery units that receive delivery point sequenced mail that was processed on delivery barcode sorters.

**Management's
Comments**

Management agreed that it was advantageous to have mail entered at the location in which it will be processed, but disagreed with our recommendation. Management was not convinced of the magnitude of the problem and believed that a change in one rate category may yield changes in other rate categories that may be counter-productive due to the complexity of Enhanced Carrier Route rate design. Management indicated they were reviewing these issues and planned to develop a balanced rate proposal to address these issues appropriately

**Evaluation of
Management's
Comments**

Our report acknowledged the complexity of these issues involving Enhanced Carrier Route Standard Mail. Management stated these issues existed since the mid-1990's and that they were in the process of reviewing them; however, they did not provide any detailed information on when their review would be completed. Management subsequently provided additional documentation that stated they expect to complete their review in advance of the next Omnibus Rate Case. Management's actions taken or planned should correct the issues identified in the report.

**Other Matters of
Concern**

Internal controls over the acceptance of Enhanced Carrier Route Standard Mail need improvement. At the time of our review, Postal Service employees were not verifying whether Enhanced Carrier Route Standard Mail was in the correct sequence at the time of acceptance. While some Postal Service facilities have Mailing Evaluation, Readability, and Lookup Instruments to aid them in the verification process for discounted mail, the Enhanced Carrier Route sequence verification was not operational. In addition, current OIG audits of Mailing Evaluation, Readability, and Lookup Instruments have identified problems with underutilization, system operations, and operator training that impact the quantity and quality of verifications.

Postal Service Form 3749, Mail Irregularity Report, designed to improve the quality of business mailings was not an effective tool. This form is used to report serious quality issues, such as unreadable barcodes, broken bundles, mislabeled trays, and carrier route mail out of sequence. Postal Service officials acknowledge that Postal Service Form 3749 has not worked well and are developing an electronic mail irregularity reporting process using Postal ONE.

APPENDIX A. OIG'S RESPONSE TO MANAGEMENT'S COMMENTS

We appreciate management's response to our draft report. Management disagreed with the OIG recommendation and stated that the report content and its conclusions were misleading. The following presents management's comments and OIG's evaluation of management's comment. We reference management's comments to the appropriate sections in Appendix B:

1. The Postal Service indicated that OIG report concludes that Postal Service efforts to delivery point sequence letters "eliminate the value" of mailer pre-sequencing of Enhanced Carrier Route letters. (See Appendix B, page 1, paragraph 1.)

OIG Response: The OIG report on page 7 indicated that the operational benefits of Enhanced Carrier Route letters has been reduced as the volume of letters processed to delivery point sequence has increased. The report does not mention, "eliminate the value." The OIG report, page 7, states that Enhanced Carrier Route letters provide flexibility in mail processing and delivery, and increased reliability. In addition, we state that Enhanced Carrier Route letters are beneficial at delivery units that do not receive delivery point sequenced mail.

2. The Enhanced Carrier Route is a subclass and not a worksharing discount. (For the full management comment – see Appendix B, page 1, paragraph 5.)

OIG Response: The OIG report states that Enhanced Carrier Route Standard Mail is a subclass of standard mail on page 1, paragraph 2. The Postal Service does acknowledge that there are worksharing discounts within the Enhanced Carrier Route subclass.

3. Enhanced Carrier Route costs are tally-based and reflect current mail processing and transportation activities. The overall costs for Enhanced Carrier Route mail, therefore, include the cost of both processing and transportation efficiencies and inefficiencies; these costs are reflected in the prices. (For the full management comment – see Appendix B, page 1, paragraph 5, and Attachment, page 1, paragraph 2.)

OIG Response: The intent of our finding and recommendation was to identify and attempt to address an inefficiency that has existed since the mid-1990s. Even though this inefficiency may be reflected in prices, efforts should be initiated to address this issue.

4. Postal Service operational instructions have been mischaracterized. Our major concern when the instruction was issued was capturing the Enhanced Carrier Route mail as it passed through the plants and, where feasible, routing it through

automated processing if service standards permit. (For the full management comment – see Appendix B, page 1, paragraph 5.)

OIG Response: The focus of this OIG finding concerned Enhanced Carrier Route letters with destination entry discounts. We agree that the operational instructions had other impacts, but our focus was limited to the issue described.

5. Management is not convinced of the magnitude of the alleged problem. The OIG report fails to estimate both the volume of Destination Delivery Unit-entered Enhanced Carrier Route letters that are backhauled or the average frequency of backhauling per Destination Delivery Unit. (For the full management comment – see Appendix A, page 1, paragraph 5, and Attachment, page 2, paragraph 7.)

OIG Response: The OIG report states on page 10 that Postal Service officials were unable to determine the volume or cost of transporting Enhanced Carrier Route letters from delivery units to processing facilities.

6. Postal rates are price signals to mailers. It must be recognized that, due to the complexity of Enhanced Carrier Route rate design, a change in one rate category may yield price signals in other rate categories that may be counter-productive. (For the full management comment – see Appendix A, page 1, paragraph 5.)

OIG Response: The OIG report describes the complexity of Enhanced Carrier Route Standard Mail issues on page 2 of the report. The report states that discounts for Enhanced Carrier Route Standard Mail are extremely complex and the Postal Service must maintain reasonable rate relationships not only between mail categories in this subclass, but also with mail categories in other subclasses. In addition, on page 8 we state that due to the complexity of these issues and the potential for rate anomalies, the Postal Service should be given time to complete its analysis and develop proposals to address this complicated issue.

7. The comparisons between Enhanced Carrier Route rates and presorted Standard Mail rates contained in Table 1 are misleading.

OIG Response: The introduction to table 1 states that the table compares some rates for workshared Standard Mail. Footnote 8 further clarifies that this comparison is not meant to imply a direct relationship between Enhanced Carrier Route Standard Mail rates and regular Standard Mail rates.

APPENDIX B. MANAGEMENT'S COMMENTS

PATRICK R. DONAHUE
Chief Operating Officer
and Executive Vice President



August 8, 2003

MARY W. DEMORY
DEPUTY ASSISTANT INSPECTOR GENERAL FOR CORE OPERATIONS

SUBJECT: Management Response to Draft Audit Report – Enhanced Carrier Route
Worksharing Discounts (Report Number AC-AR-03-DRAFT)

Thank you for the opportunity to respond to the above-captioned draft audit report. In that report, the Office of Inspector General (OIG) concludes that Postal Service efforts to delivery point sequence (DPS) letters eliminate the value of mailer pre-sequencing of Enhanced Carrier Route (ECR) letters. In particular, the OIG focuses on ECR letter mail entered at the destination delivery unit (DDU), which is subsequently backhauled to a plant for "DPS-ing," resulting in additional transportation and handling inefficiencies.

The issues raised in the draft audit report concerning delivery point sequencing and backhauling of some ECR letter mail are not new. Both the Postal Service and the ECR mailers have been aware of this situation for some time. Rate changes, such as those advocated in the audit recommendations, result from a statutory scheme in which Postal Service proposals are subject to the recommendations and guidance of the independent Postal Rate Commission. Under the Postal Reorganization Act, decisions of the Governors and the Commission are subject to review and modification in the courts or otherwise only in accordance with the procedures outlined in the Act.

In fact, the issues raised in the audit were discussed as far back as the mid-1990s, when policies to support the DPS program were discussed in the Classification Reform case, Docket No. MC95-1. As evidenced in that docket, and in every rate case since then, the Postal Service continuously reviews the impact of operational enhancements on its rate and classification structure.

Because the Postal Service was aware of the issues raised in the draft audit report, it had been in the process of reviewing them prior to initiation of the audit. Our ongoing review has convinced us that there are some assumptions included in the draft report that are either incorrect or not based on sufficient evidence. Unfortunately, these assumptions might lead one to conclude that the issues and answers are simple. Our ongoing review has convinced us that this is not the case and that much of the report content and its conclusions are misleading.

The Postal Service disagrees with the OIG recommendation that a unilateral elimination of the DDU discount for letters is warranted immediately, for reasons that are listed here and detailed in the attachment to this letter.

- ECR is a subclass, not a worksharing discount.
- ECR costs are tally-based and reflect current mail processing and transportation activities
- Postal Service operational instructions have been mischaracterized. Our major concern when the instruction was issued was capturing the ECR mail as it passed through the plants and, where feasible, routing it through automated processing if service standards permitted.
- The OIG report fails to estimate both the volume of DDU-entered ECR letters that are backhauled and the average frequency of backhauling per DDU.
- Postal rates are price signals to mailers. It must be recognized that, due to the complexity of ECR rate design, a change in one rate category may yield price signals in other rate categories that may be counter-productive.

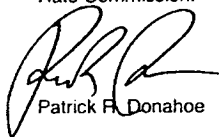
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Washington DC 20260-0060
www.usps.com

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Finally, our goal is to improve processing and transportation efficiencies, while at the same time sending the correct price signals to mailers in order to promote these efficiencies. As indicated above, our review of ECR letters is ongoing. We do not quarrel with the notion that it is advantageous to have mail entered at the location in which it will be processed. That was and will continue to be an important consideration as the next rate filing is developed, and as we continue our review of the particular issues raised here.

However, it must be recognized that there are a myriad of issues involved in rate design, and a balanced rate proposal would need to be developed that addresses all of them.

If we determine that there should be changes to the rate and classification structure, we follow the proper procedures in making those changes. Any changes are vetted internally, after careful review and analysis, ultimately coming before the Executive Committee for approval. If the Executive Committee determines that a change should be proposed, it must be approved by the Board of Governors, which has the sole responsibility, by law, to authorize a filing with the Postal Rate Commission.



Patrick R. Donahoe

Attachment

Management Response to Draft Audit Report – Enhanced
Carrier Route Worksharing Discounts
(Report Number AC-AR-03-DRAFT)ECR is a Subclass

As a distinct subclass, ECR demonstrates both cost and market differences from the Regular Standard Mail subclass and its prices are set independently. The ECR subclass has one of the highest overall cost coverages of all subclasses. ECR is a subclass, not a worksharing discount. The prices for ECR should not be viewed as worksharing incentives for otherwise minimally-presorted Standard Mail. Therefore, comparisons such as those contained in Table 1 on page 2 of the report are misleading. While it is true that there are worksharing discounts within the ECR subclass, the Table on page 2 implies that the ECR rates as a whole are discounts and it could lead the reader to incorrectly assume that the "inefficiencies" discussed subsequently are somehow related to the rather large figures in the table.

ECR Costs are Tally-Based

As a distinct subclass, the overall costs for ECR mail are based on tallies from Postal Service processing and transportation data systems, rather than on mail flow models of operations avoided by worksharing activities. The overall costs for ECR mail, therefore, include the cost of both processing and transportation efficiencies or inefficiencies; these costs are reflected in the prices. Thus, it is not possible to automatically conclude, as OIG has seemingly done, that sorting ECR mail in delivery point sequence (DPS) necessarily results in processing or transportation inefficiencies in need of immediate correction.

Operational Instructions Have Been Mischaracterized

The draft report and its conclusions about "backhauling," rely upon a Postal Service memorandum dated August 9, 2000, which OIG characterizes on page 7 as requiring "automation-compatible Enhanced Carrier Route letter mail to be processed in delivery point sequence, service standards permitting." (A copy of this memorandum is included with this response.) This characterization is correct, as far as it goes, but it does not present the full picture. The memorandum deals with all carrier route letters, not just the fraction entered at the DDU. The primary thrust of the memorandum is reflected in the middle paragraph which instructs that procedures should be put in place **at the processing and distribution plant to capture** automation compatible carrier route presort letters for DPSing. This implies that the greater concern was capturing the ECR mail as it passed through the plants, and routing it to automated processing, if possible and if service standards permitted.

Volume data supports this interpretation because, at the time of the memo (FY2000), 89 percent of ECR letters were entered at upstream facilities, not the DDU. Much of the 11 percent that was entered at the DDU, and therefore subject to possible "backhauling" as described by the OIG, would not be viable candidate mail for backhauling for a number of reasons, including (1) non-automation-compatibility, (2) the DDU was a CSBCS (Carrier Sequence Barcode Sorter) site and therefore the letters were candidates for DPSing at the DDU, or (3) the particular zone was a non-DPS site, meaning the letters were sequenced manually.

In any event, as the Postal Service pointed out during the course of the audit, the preparation requirements for ECR that require sequencing and automation compatibility provide increased flexibility and reliability in both mail processing and delivery. Once the mail is received by the Postal Service, it behooves local management to use that flexibility and handle the mail as

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efficiently as possible, given the situation at hand. Presumably, any time "backhauling" occurs, it is better than the alternative of manually merging the letters at the DDU and, as discussed above, the costs of such activities are captured.

The Extent of "Backhauling" of DDU-Entered Mail is not Estimated

The draft report relies upon a telephone survey conducted by the OIG during the course of the audit. The OIG contacted approximately 200 DDUs to attempt to derive a statistical projection of DDUs that were backhauling ECR letters to a plant for DPSing. Based on this survey, the OIG projected that this happened at "approximately 2,337 of the approximately 3,296" DDUs in its audit universe.

Upon request, the Postal Service was furnished a document describing the methodology followed by the OIG for its survey, but the Postal Service was not furnished the actual questions asked in the survey. The OIG apparently believes that furnishing the survey questions would be tantamount to revealing information at the audit workpaper level and thus not permitted under its auditing procedures. Without the questions, it is not possible to conclude that backhauling is a major problem. Was the DDU asked if it had ever sent ECR letter mail back to a plant for DPSing or was it asked if it did so routinely? Also, even if it did so routinely, what are the affected volumes? As the Postal Service continues its review of this issue, perhaps the OIG would reconsider its decision to furnish the questions to the Postal Service. The information could be helpful in determining the extent of backhauling.

Simple Rate Alternatives Yield New Problems

Even if the magnitude and nature of the backhauling were known, the Postal Service is still faced with the reality that there are no easy, straightforward solutions. Simply eliminating the DDU discount for ECR letters, while an ECR DDU discount for flats remained in place, could result in narrowing, or reversing, the rate relationship between letters and flats, and encourage conversion from low-cost letters to higher-cost flats. The net result may well be counterproductive.

Another potential solution, simply rewarding SCF-entered letters with the DDU discount, would result in significant revenue losses, since the current SCF-entered mail would qualify, as well as those letters that would have been entered at the DDU. There are almost 2.5 times as many SCF-entered letters as DDU-entered letters. If the SCF mailers were to start receiving a discount for work they were already doing, the Postal Service would be forgoing revenue while not reaping any operational cost savings.

Summary of our position on the OIG Recommendation:

OIG Recommendation: We recommend the chief operating officer and executive vice president:

1. Develop a rate case proposal to eliminate destination entry unit discounts for letters destined at delivery units that receive delivery point sequenced mail that was processed on a delivery barcode sorter.

Management Response: We disagree. As indicated above, we have been aware of the issues raised in this audit report and had commenced considering and reviewing them prior to initiation of the audit. That review is ongoing. As we also have indicated above, we are not convinced of the magnitude of the alleged problem, and the report does not detail it. Operational efficiency is a key factor among the many issues that will need to be considered in formulating any equitable and comprehensive rate proposal.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF NEWSPAPER ASSOCIATION OF AMERICA**

NAA/USPS-6: Does the Postal Service have a policy addressing the circumstances in which a mailer may obtain custom supplies (such as envelopes bearing the mailer's return address and/or a permit imprint) from the Postal Service, the expense being born by either the Postal Service alone or shared with the mailer? If so,

- a. Please describe that policy
- b. Please identify for how many mailers this is done, and for which subclasses of mail.

RESPONSE:

Customized packaging is provided for Priority Mail and Express Mail if the criteria listed below are satisfied. The costs of customized packaging, like those of standard packaging, are included in the costs of Express Mail and Priority Mail.

- Standard packaging does not meet the needs of the customer. (The customization is usually in terms of size, but may also be for closures type or production substrate. Customized packaging only rarely includes imprinting the customer's return address. Printing the customer's logo is more common.)
- The annual revenue from the customer for Priority Mail and Express Mail will exceed \$500,000.
- The customer is able to accept in each shipment a minimum quantity necessary to ensure adequate production scale for the purposes of per unit cost efficiency.
- The customer has the capacity to accommodate and unload a tractor-trailer. (The Postal Service also provides direct delivery of standard packaging to all customers; customers ordering in larger quantities may receive a shipment via a common carrier when it is more cost efficient to the Postal Service.)
- The customer expects to have expedited volume requirements allowing depletion of the supplies within six months. The customer must maintain consistent usage patterns. (The Postal Service monitors usage of the requested packaging to ensure that it is

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF NEWSPAPER ASSOCIATION OF AMERICA**

being used, and for its intended purpose, as well as to avoid over-stocking the customer with potentially unwanted packaging.)